UNITED STATES NUCLEAR REGULATORY COMMISSION

WASHINGTON, D. C. 20555

1 1989 AUG

MEMORANDUM FOR:

Beth Bradshaw

Division of Security Office of Administration

FROM:

David L. Meyer, Chief

Regulatory Publications Branch Division of Freedom of Information

and Publications Services Office of Administration

SUBJECT:

REVIEW OF THE PROPOSED RULE ON CREDIT CHECKS - EXPANDED PERSONNEL SECURITY

INVESTIGATIVE COVERAGE

The Regulatory Publications Branch has reviewed the proposed rule that would amend 10 CFR Parts 11, 25 and 95. We have modified the Summary statement so that it more clearly meets the requirements of the Office of the Federal Register (OFR) set out in 1 CFR 8.12. In addition, we have made adjustments to the amendatory language and the presentation of the amendments necessary to comply with OFR publication requirements. We have enclosed a marked-up copy of the proposed rule that presents our comments.

We have forwarded a copy of the proposed rule to the Records and Reports Management Branch, IRM, for their comment and concurrence concerning the paperwork management aspects of this rusemaking action.

In order to assist you in preparing the list of documents centrally relevant to this proposed rule that is required by NFC's regulatory history procedures, you should place the esignator "AD35-1" in the upper right-hand corner of sach document concerning the rule that you forward to the Nuclear Document System.

If you have any questions concerning this matter, please call Betty K. Golden, Regulatory Publications Branch, ADM (extension 24268).

1114. Mya

David L. Meyer, Chief Regulatory Publications Branch Division of Freedom of Information and Publications Services Office of Administration

Enclosure: As stated

8911260121 891120 54 R38863 PDR

AD28-1

NUCLEAR REGULATORY COMMISSION

10 CFR Parts 11, 25 and 95 RIN 3150 - 103-28 Credit Checks · Expanded Parsonnei

Security Investigative Coverage

AGENCY: Nuclear Regulatory Commission.

ACTION: Proposed rule.

regulations to (1) expand the investigative scope for "R" special nuclear material access authorization and "L" security clearance applicants by adding a credit check; and (2) revise the corresponding fee schedules to reflect the additional cost of each credit check. Add Insert A

DATE: Comment period expires _______. Comments received after this date will be considered if it is practical to do so, but the Commission is able to assure consideration only for comments received on or before this date.

ADDRESSES: Mail written comments to: Secretary, U. S. Nuclear Regulatory

Commission, Washington, DC 20555, ATTENTION: Docketing and Service

Branch.

11555 Rockville Pikes Rockville, manylong

Deliver Comments to: Room LL6, 2121 L Street, NW Washington, CC between 7:30 a.m. and 4:15 p.m. Federal workdays.

Copies of the regulatory analysis and comments received may be examined at: Room LL6, 2120 L Street, NW Washington, DC.

(Lower level)

Insert A:

This amendment is necessary to achieve a higher degree of assurance that "R" and "L" applicants are reliable, trustworthy and do not have any significant financial problems which may cause them to be susceptible to pressures, blackmail or coercion to act contrary to the national interest.

FOR JRIHER INFORMATION CONTACT: Beth Bradshaw, Personnel Security Branch, Division of Security, Office of Administration, U. S. Nuclear Regulatory Commission, Washington, DC 20555, telephone: (301) 492-4120.

SUPPLEMENTARY INFORMATION: On April 12, 1989, the Executive Director for (ELD)

Operations approved the immediate addition of a credit check to the scope of the initial investigation coverage required for an NRC "L" security clearance for NRC employees, contractors, and other non-licensee personnel. He also approved the initiation of rulemaking to implement the same investigative scope change for "R" and "L" licensee applicants. The current investigative coverage for "F" and "L" applicants normally consists or a National Agency Check (NAC) conducted by the Office of Personnel Management (OPM). While a NAC provides important coverage of an individual's background (e.g., FBI criminal history fingerprint and name checks; record checks with OPM, the Department of Defense (DOD) and other applicable agencies), it coes not provide information concerning an individual's current financial diteation. NRC proposes, therefore, to expand the present investigative scope for an "R" special nuclear material access authorization or "L" security clearance by adding a credit check.

The addition of the credit check is necessary to achieve a higher degree of assurance that "R" and "L" applicants are reliable, trustworthy and do not have any significant financial problems which may cause them to be susceptible to pressures, blackmail or coercion to act contrary to the national interest. In October 1987, OPM added several significant financial questions to its SF-86, "Questionnaire For Sensitive Positions,"

which the LAC currently uses as a basis for its personnel security investigations. OPM added these questions in order to identify security related concerns and possible exploitable weaknesses in a persons's background. In view of recent espionage for money cases, it is important to identify those individuals who have serious financial difficulties and are, therefore, more susceptible to committing espionage or similar activities against the United States.

Furthermore, NRC has found, based on actual case experience, that an individual's financial difficulties may be an indicator or result of other more serious problems such as drug abuse, alcohol abuse or dimonesty.

eligibility, the check check will achieve greater comparability with the Department of Energy and other agencies which require the credit check for their "L" and Secret clearances and will be consistent with the investigative coverage proposed in the NUMARC guidelines for licensee personnel with unescorted access to protected and vital areas of nuclear power plants.

The applicable fee schedules will be revised to reflect the additional cost associated with the conduct of the credit check. Specifically, the fee for an NRC "R" special nuclear material access authorization or "L" security clearance will increase from \$15.00 to \$25.00.

Environmental Impact: Categorical Exclusion

The NRC has determined that this proposed regulation is the type of action described as a categorical exclusion in 10 CFR 51.22 (c) (1).

Therefore, neither an environmental impact statement nor an environmental assessment has been prepared for this proposed rule.

Paperwork Reduction Act S. atement

This proposed rule does not contain a new or amended information collection requirement subject to the Paper ork Reduction Act of 1980 (44 U.S.C. 3501 et.seq.) Existing requirements were approved by the Office of Management and Budget, approval numbers 3150-0046, and 3150-0062.

Regulatory Analysis

The Commission has prepared a regulatory analysis on this proposed regulation. The analysis examines the costs and benefits of the alternatives considered by the Commission. The analysis is available for inspection in the NRC Public Document Room, LL6, 2120 L Street, NW. Lower Level.

Washington, DC. Single copies of the analysis may be obtained from Beth Bradshaw, Division of Security, Office of Administration.

U. S. Nuclear Regulatory Commission, Washington, DC 20555, telephone:

Regulatory Flexibility Certification

Based upon the information available at this stage of the rulemaking

proceeding and in accordance with the Regulatory Flexibility Act. 5 U.S.C. 605(b), the Commission certifies that, if promulgated, this rule will not have a significant economic impact on a substantial number of small entities. This rulemaking activity applies only to those licensees and others who need to use, process, store, transport, or deliver to a carrier for transport formula quantities of special nuclear material (as defined in 10 CFR Part 73) or generate, receive, safeguard, and store National Security Information or Restricted Data (as defined in 10 CFR Part 25). Approximately 31 NRC licensee and other license related interests would be affected under the provisions of 10 CFR Parts 11 and/or 25. However. 20 of these licensee or other interests have only a limited number of artive clearances, e.g., one or two each, relating to Safeguards Incosees are not classified of activities. Because none of these has been determined to be small as entities NACS Size Standards (December 9, 1985; 50 FR 5034) adefined by the Regulatory Floxil ility Act of 1980, the Commission finds that this rule will not have a significant economic impact upon a substantial number of small entities.

Elgery 3

List of Subjects
10 CFR Part 11

Hazardous materials - transportation, Investigations, Nuclear materials, Reporting and recordkeeping requirements, Security measures, Special nuclear material.

10 CFR Part 25

Classified information, Investigations, Penalty, Reporting and record (keeping requirements, Security measures.

INSERT B:

Backfit Analysis

The NRC determined that the backfit rule, 10 CFR 50.109, does not apply to this proposed rule, and therefore, that a backfit analysis is not required for this proposed rule, because these amendments do not involve any provisions which would impose backfits as defined in 10 CFR 50.109(a)(1).

10 CFR Part 95

Classified information, Penalty, Reporting and recordkeeping requirements, Security measures.

For the reasons set out in the preamble and under the authority of the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974, as amended, and 5 U.S.C. 552 and 553, the NRC is proposing to adopt the following amendments to 10 CFR Parts 11, 25, and 95.

PART 11 - CRITERIA AND PROCEDURES FOR DETERMINING ELIGIBILITY
FOR ACCESS TO OR CONTROL OVER SPECIAL NUCLEAR MATERIAL

1. The authority citation for Part 11 continues to read as follows: 9/AUTHORITY: Sec. 161, 68 Stat. 948, as amended (42 U.S.C. 2201); sec. 201, 88 Stat. 1242, as amended (42 U.S.C. 5841).

Section 11.15(e) also issued under sec. 501, 85 Stat. 290 (31 U.S.C. 483a).

In § 11.7 paragraph (d) is revised to read as follows:

// \$ 11.7 Definitions.

(d) "NRC - 'R' special nuclear material access authorization" means an administrative determination based upon a <u>National Agency Check and Credit</u> investigation that an individual in the course of employment is eligible to work at a job fall: "within the criterion of § 11.11(a)(2).

3. In § 11.15 paragraphs (e)(1) and (f)(x) are revised to read as follows:

11.15 Application for special nuclear material access authorization.

* * * * *

- (e)(1) Each application for special nuclear material access authorization, renewal, or change in level must be accompanied by the licensee's remittance, payable to the U.S. Nuclear Regulatory Commission, according to the following schedule:
- i. NRC-U requiring full field investigation ----- \$
- ii. NRC-U requiring full field investigation (expedited processing)
 ---- \$
- iii. NRC-U based on certification of comparable full field background investigation -----
- iv. NRC-U or R renewal 325
- vi. NRC-R based on certification of comparable investigation ---- 20
- 1 If the NRC determines, based on its review of available data, that a full field investigation is recessary, a fee of _____will be assessed prior to the conduct of the investigation.
- If the NRC determines, based on its review of available data, that a National Agency Check and Credit investigation is necessary, a fee of \$25.00 will be assessed prior to the conduct of the investigation; however, if a full field investigation is deemed necessary by the NRC based on its review of available data, a fee of will be assessed prior to the conduct of the investigation.

(f)(1) Any Federal employee, employee of a contractor of a Federal agency, licensee, or other person visiting an affected facility for the purpose of conducting official business, who possesses an active MRC or DOE-Q access authorization or an equivalent Federal security clearance granted by another Federal agency ("Top Secret") based on a comparable full field background investigation may be permitted in accordance with § 11.11 the same level of unescorted access that an NRC-U special nuclear material access authorization would afford. (2) Any Federal employee, employee of a contractor of a Federal agency, licensee, or other person visiting an affected facility for the purpose of conducting official business, who possesses an active NRC or DOE-L access authorization or an equivalent security clearance granted by another Federal agency ("Secret") based on a background investigation or Mational Agency Check and fredit investigation may be permitted in accordance with § 11.11 the same level of unescorted access that an NRC-R special nuclear material access authorization would afford. An NRC or DOE-L access authorization or an equivalent security clearance ("Secret") granted prior to the effective date of this regulation by another Federal Agency and based on a National Agency Check is acceptable to meet this requirement.

4. Vs 11.16 is revised to read as follows:

§ 11.15 Cancellation of request for special nuclear material access authorization.

When a request for an individual's access authorization is with-drawn or cancelled, the licensee shall immediately notify the Chief, Personnel Security Branch, NRC Division of Security, by felephone, so that the full field investigation or National Agency Check and Credit investigation may be discontinued. The caller must provide the full name and date of birth of the individual, the date of request, and the type of access authorization originally requested ("U" or "R"). The licensee shall promptly submit written confirmation of the telephone notification to the Personne? Security Branch, NRC Division of Security. A portion of the fee for the "U" special nuclear material access authorization may be refunded depending upon the status of the full field investigation at the time of withdrawal or cancellation.

PART 25 - ACCESS AUTHORIZATION FOR LICENSEE PERSONNEL

%AUTHORITY: Secs. 145, 161, 68 Stat. 942, 948, as amended (42 U.S.C. 2165, 2201); sec. 201, 88 Stat. 1242, as amended (42 U.S.C. 5841); E.O. 10865, as amended, 3 CFR 1959-1963 COMP., p. 398 (50 U.S.C. 401, note); E.O. 12356, 47 FR 14874, April 6, 1982.

Appendix A also issued under 96 Stat. 1051 (31 U.S.C. 9071).

For the purposes of sec. 223, 68 Stat. 958 as amended (42 U.S.C. 2273), §§ 25.13, 25.17(a), 25.33(b) and (c) are issued under sec. 161i, 68 Stat. 949, as amend ! (42 U.S.C. 2201 (i)); and §§ 25.13 and 25.33(b) are also issued under sec. 161o, 68 Stat. 950, as amended (42 U.S.C. 2201(o)).

In the decirior of "L"

6. V § 25.5 is revised to read as follows:

§ 25.5 Definitions.

"Access authorization" means an administrative determination that an individual (including a consultant) who is employed by or an applicant for employment with the NRC, NRC contractors, agents, and licensees of the NRC, or other person designated by the Executive Director for Operations, is eligible for a security clearance for access to Restricted Data or national security information.

0

"Act" means the Atomic Energy Act of 1954 (68 Stat. 919), as amended.

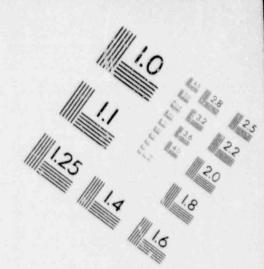
"Commission" means the Nuclear Regulatory Commission or its duly authorized representatives.

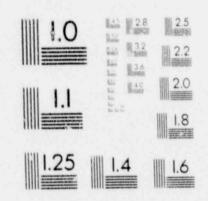
* / * * *

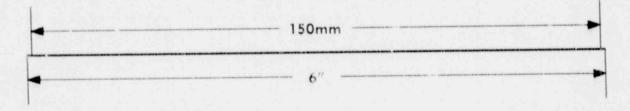
"L" access authorization means an access authorization granted by the Commission which is normally based on a National Agency Check and Credit (NAC&C) investigation conducted by the Office of Personnel Management.

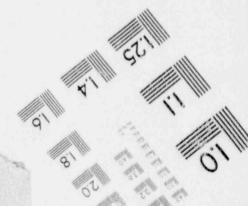
"License" means a license issued pursuant to 10 CFR Parts 50, 70 or 72.

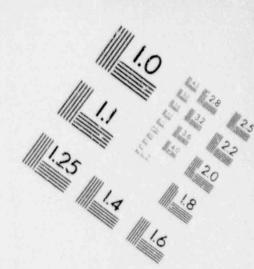
"Matter" means documents or material.

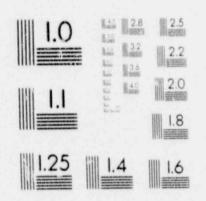


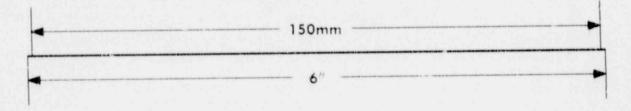






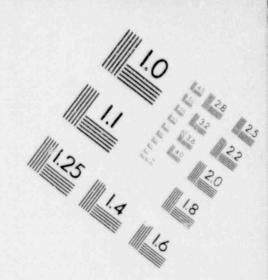


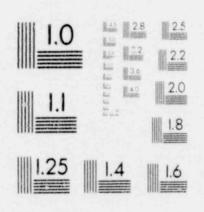


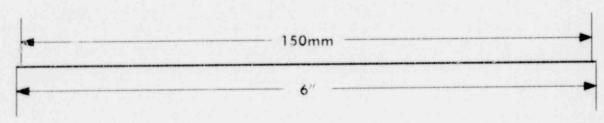


ON PINESSIMI

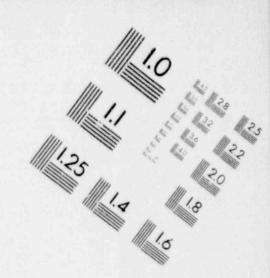
Pill SZIIII

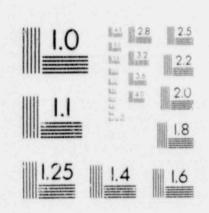


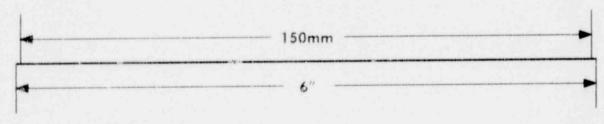




OIM STATE OF THE S







VI COLUMN COLUMN

"National Security Information" means information that has been determined pursuant to Executive Order 12356 or any predecessor order to require protection against unauthorized disclosure and that is so designated.

"Need-to-know" means a determination by persons having responsibility for classified information or matter, that a proposed recipient's access to such classified information or matter is necessary in the pertormance of his official, contractual, or licensee duties of employment under the cognizance of the Commission.

"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 (DOE), except that the DOE shall be considered a person to the extent that its facilities are subject to the licensing and related regulatory authority of the Commission pursuant to section 202 of the Energy Reorganization Act of 1974 and sections 104, 105 and 202 of the Uranium Mill Tailings Radiation Control Act of 1978, any State or any political subcivision 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.

"Q" Access Authorization means an access authorization granted by the Commission based on a full field investigation conducted by the Office of Personnel Management, the Federal Bureau of Investigation, or other U. S. Government agency which conducts personnel security investigations.

"Restricted Data" means all data concerning design, manufacture or utilization of atomic weapons, the production of special nuclear material, or the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Act.

7. Section
7. 525.25 is revised to read as follows:

§ 25.25 Cancellation of requests for access authorization.

When a request for an individual's access authorization is withdrawn or cancelled, the NRC Division of Security will be notified by the requestor immediately by telephone so that the full field investigation or National Agency Check and Credit investigation may be discontinued. The caller will supply the full name and date of birth of the individual, the date of request, and the type of access authorization originally requested ("Q" or "L"). Such telephone notice shall be promptly confirmed in writing.

must

8. Appendix A is revised to read as follows:

Appendix A - Fees for NRC Access Authorization

	Category	Fe
Initial "L" Access	Authorization	^y \$2
Reinstatement of "	L" Access Authorization	
Extension or Trans	fer of "L" Access Authorization	
Initial "Q" Access	Authorization	
Initial "Q" Access	Authorization (expedited proce	essing)
Reinstatement of "	Q" Access Authorization	2
Reinstatement of "	Q" Access Authorization	
(expedited proce	ssing)	2
Extension or Trans	fer of "Q"	2
Extension or Trans	fer of "Q" (expedited processing	ng) 2

If the NRC determines, based on its review of available data, that a full field investigation is necessary, a fee of ______ will be assessed prior to the conduct of the investigation.

² Full fee will only be charged if investigation is required.

PART 95 - SECURITY FACILITY APPROVAL AND SAFEGUARDING OF NATIONAL SECURITY INFORMATION AND RESTRICTED DATA

9. The authority citation for Part 95 continues to read as follows:

AUTHORITY: Secs. 145, 161, 88 Stat. 942, 948, as amended (42 U.S.C. 2165, 2201); sec. 201, 88 Stat. 1242, as amended (42 U.S.C. 5841); E.O. 8 10665, as amended, 3 CFR 1959-1963 COMP., p. 398 (50 U.S.C. 401, note): E.O. 12356, 47 FR 14874, April 6, 1982.

For the purposes of sec. 223, 68 Stat. 958, as amended (42 U.S.C. 2273): \$ \$ 95.13, 95.15(a), 95.25, 95.27, 95.29(b), 95.31, 95.33, 95.35, 95.37, 95.39, 95.41, 95.43, 95.45, 95.47, 95.51, 95.53, and 95.57 are also issued under sec. 1611, 68 Stat. 949, as amended (42 U.S.C. 2201(i)).

In the definition of "L"

10. T 8 95.5 is revised to read as follows:

§ 95.5 Definitions.

"Access authorization" means an administrative determination that an individual (including a consultant) who is employed by or an applicant for employment with the NRC, NRC contractors, agents, and licensees of the NRC, or other person designated by the Executive Director for Operations, is eligible for a security clearance for access to Restricted Data or national security information.

"Act" means the Atomic Energy Act of 1954 (68 Stat. 919), as amended.

"Authorized Classifier" means an individual authorized in writing by appropriate authority to classify, declassify or downgrade the classification of information. This term applies to authorized derivative classifiers and authorized original classifiers.

"Classified Mail Address" means a mail address established for each facility approved by the NRC, to which all National Security Information or Restricted Data for the facility is to be sent.

"Classified Matter" means documents or material containing classified information.

"Combination Lock" means a three position, manipulation resistant, dial type lock bearing an Underwriters' Laboratories, Inc. certification that it is a Group 1 or Croup IR unit.

"Commission" means the Nuclear Regulatory Commission or its duly authorized representatives.

"Infraction" means an act or omission involving failure to comply with NRC security requirements or procedures.

"Intrusion Alarm" means a tamper-indicating electrical, electro-mechanical, electro-optical, electronic or similar device which will detect unauthors'-ized intrusion by an individual into a building, protected area, security area, vital area, or material access area, and alert guards or watchmen by means of actuated visible and audible signals.

"L" access authorization means an access authorization granted by the Commission which is normally based on a National Agency Check and Credit investigation (NAC&C) or National Agency Check, Inquiries and Credit (NACIC) investigation conducted by the Office of Personnel Management.

"License" means a license issued pursuant to 10 CFR Parts 50, 70, or 72.

"Material" means chemical substance without regard to form; fabricated or processed item; or assembly, machinery or equipment.

"Matter" means documents or material.

"National Security" means the national defense or foreign relations of the United States.

"National Security Information" means information that has been determined pursuant to Executive Order 12356 or any predecessor to require protection against unauthorized disclosure and that is so designated.

"Need-to-know" means a determination, by persons having responsibility for classified information or matter, that a proposed recipient's access to such classified information or matter is necessary in the performance of his official, contractual or licensee duties of employment under the cognizance of the Commission.

"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 (DOE), except that the DOE shall be considered a person to the extent that its facilities are subject to the licensing and related regulatory authority of the Commission pursuant to section 202 of the Energy Reorganization Act of 1974 and sections 104, 105 and 202 of the Uranium Mill Tailings Radiation Control Act of 1978, 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.

"Protective Personnel" means guards or watchmen as defined in 10 CFR Part 73 or other persons designated responsibility for the protection of classified matter. by the Commission based on a full field investigation conducted by the Office of Personnel Management, the Federal Bureau of Investigation, or other U.S. Government agency which conducts personnel security investigations.

"Restricted Data" means all data concerning design, manufacture or utilization of atomic weapons, the production of special nuclear material, or the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the Restricted Data category pursuant to Section 142 of the Act.

"Security Area" means a physically defined space containing classified matter and subject to physical protection and personnel access controls.

"Security Container" includes any of the following repositories:

(1) A security filing cabinet - one that bears a Test Certification Label on the side of the locking drawer, inside wall adjacent to the locking drawer, or interior door plate, and is marked, "General Services Administration Approved Security Container" on the exterior of the top drawer or door.

- (2) A safe burglar-resistive cabinet or chest which bears a label of the Underwriters' Laboratories, Inc. certifying the unit to be a TL-15, TL-30, or TRTL-30, and has a body fabricated of not less than 1 inch steel and a door fabricated of not less than 1; inches steel exclusive of the combination lock and bolt work; or bears a Test Certification Label on the inside of the door and is marked "General Services Administration Approved Security Container" and has a body of steel at least ;" thick, and a combination locked steel door at least 1" thick, exclusive of bolt work and locking devices.
- (3) A vault a windowless enclosure constructed with walls, floor, roof and door(s) that will delay penetration sufficient to enable the arrival of emergency response forces capable of preventing theft, diversion, damage or compromise of classified information or matter, when delay time is assessed in conjunction with detection and communication subsystems of the physical protection system.
- (4) A vault-type room a room which has a combination lock door and is protected by an intrusion alarm system which alarms upon the unauthorized penetration of a person anywhere into the room.
- (5) Other repositories which in the judgment of the Division of Security would provide comparable physical protection.

"Security Facility" -any facility which has been approved by NRC for using, processing, storing, reproducing, transmitting or handling classified matter.

"Security Facility Approval" means that a determination has been made by the NRC that a facility is eligible to use, process, store, reproduce, transmit or handle classified matter.

"Security Survey" is an examination by an NRC representative of all devices, equipment, and procedures employed at a security facility to safeguard classified matter.

Dated at Bethesda, Maryland this _____ day of ______, 1989.

Rockvilles For the Nuclear Regulatory Commission.

Acting Executive Director for Operations