



The American Companies

"NEWS-UPDATE"

November 26, 2008

FINAL RULE: IMPORTER SECURITY FILING "HIGHLIGHTS"

As you are now aware from The American Companies news flash yesterday (as well as many other news letters that are currently being circulated), the "Interim" Final Rule concerning the much talked about 10 + 2 regulation has now been released. As you can see from the previous days news letter and the link to the new rule, the "Interim" Final Rule consists of 230 pages. While The American Companies is still analysing the details of the rule and its full impact on our clients, we wanted to insure that before this long holiday weekend that we at least deliver to you the "bullet point" highlights of the major changes in the final rule so you can begin to strategize on your own implementation plans as soon as possible. Please note that immediately following the Thanksgiving day weekend, The American Companies will begin to distribute a more detailed "section by section" analysis for distribution to our reader and client base. And of course we will now begin to contact each client to insure that a plan for handling the ISF will be in place by the effective date. Major Changes and/or Highlights are as follows:

- Effective Date = January 26 2009
- Flexible Enforcement Period = 12 months or until January 26th 2010. During this period CBP states that they will show restraint in their enforcement of the final rule during this period.
- Flexibility in providing 6 of the 10 required data elements as follows:
 - o For 4 Data Elements (manufacturer (or supplier), ship to party, country of origin, and commodity Harmonized Tariff Schedule (HTS) number), the ISF filer will be allowed to show a range of data at the time of filing (24 hours in advance of loading) which the filer believes to be accurate. But the data must be corrected and accurate no later 24 hours prior to arrival.
 - o For 2 Data Elements (Container Stuffing Location and Consolidator (stuffer)), there is a timing flexibility so that the data needs to be filed "as soon as possible" but in no case later than "24 hours prior to arrival"
- Penalties – for violations of the requirements for the Importer Security Filing have been reduced from Full Value of the Merchandise to \$5,000.00 per violation.
- An Importer Security Filing is required for each shipment, at the lowest bill of lading level (i.e., at the house bill of lading level, if applicable).
- The party required to submit the Importer Security Filing for FROB (Freight Remaining on Board) is the carrier.
- An ISF can be changed with more accurate data no later than 24 hours prior to arrival.
- Clarification that the supplier must be the "party supplying" the finished goods in the country from which the goods are leaving and that this party does not necessarily need to be in the country from which the goods are leaving.
- A new "importer security filing bond" or a basic custodial bond may be posted for ISF purposes.

As mentioned above, there is a huge amount of comment and text to be reviewed that will provide further guidance. The American Companies will be bringing you the full details as the next several days unfold. If you have any questions please submit them to 10plus2@shipamerican.com Thank you!

The American Companies

250 Moonachie Road (HQ Office - Full Service)
Moonachie, NJ 07074 (201-478-4600)

400 Oceangate, Suite 1106 (Full Service)
Long Beach, CA 90802 (562-435-2327)

881 Route 83 (Full Service)
Bensenville, IL 60106 (630-860-0782)

Domestic USA Ground Operations
Domestic USA Air Operations
Asheville NC 828-974-3001

3PL Locations
Fairview, NJ
Santa Fe Springs, CA