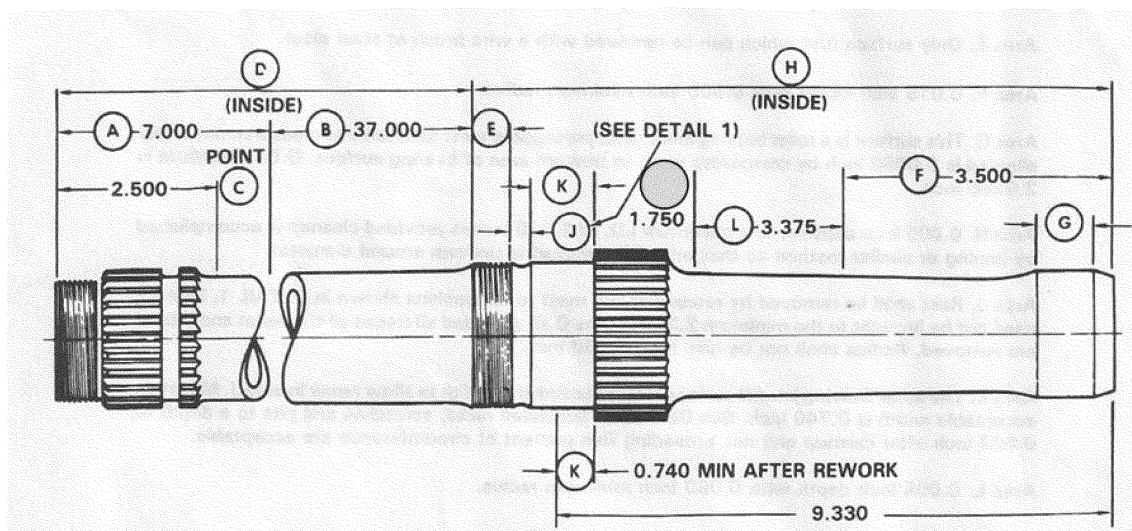


as shown in area E of figure 1 to paragraph (e) of this AD for pitting, corrosion, or a

crack. Remove any surface rust with a wire brush or steel wool.

Figure 1 to Paragraph (e)



(2) If there is a crack, pitting, or corrosion, before further flight, replace the mast with an airworthy mast.

(3) Within 10 days, report any findings of a crack, pitting, or corrosion to the address listed in paragraph (g)(1) of this AD. Include the number of hours TIS and calendar time since the last overhaul and inspection of the mast and the restricted category type of the helicopter.

(f) Paperwork Reduction Act Burden Statement

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a current valid OMB Control Number. The OMB Control Number for this information collection is 2120-0056. Public reporting for this collection of information is estimated to be approximately 5 minutes per response, including the time for reviewing instructions, completing and reviewing the collection of information. All responses to this collection of information are mandatory. Comments concerning the accuracy of this burden and suggestions for reducing the burden should be directed to the FAA at: 800 Independence Ave. SW., Washington, DC 20591, Attn: Information Collection Clearance Officer, AES-200.

(g) Alternative Methods of Compliance (AMOCs)

(1) The Manager, Los Angeles Aircraft Certification Office, FAA, may approve AMOCs for this AD. Send your proposal to: John Cecil, Aviation Safety Engineer, Los Angeles Aircraft Certification Office, Transport Airplane Directorate, FAA, 3960 Paramount Blvd., Lakewood, CA 90712;

telephone (562) 627-5228; email john.cecil@faa.gov.

(2) For operations conducted under a 14 CFR part 119 operating certificate or under 14 CFR part 91, subpart K, we suggest that you notify your principal inspector, or lacking a principal inspector, the manager of the local flight standards district office or certificate holding district office before operating any aircraft complying with this AD through an AMOC.

(h) Additional Information

(1) Arrow Falcon Exporters, Inc., Alert Service Bulletin: 2012-58-01, Revision 1, dated February 20, 2012, which is not incorporated by reference, contains more information about the subject of this AD.

(2) For service information identified in this AD, contact Arrow Falcon Exporters, Inc., 2081 South Wildcat Way, Porterville, CA 93257; telephone (559) 781-8604; fax (559) 781-9271; email afe@arrowfalcon.com.

(2) You may review the service information at the FAA, Office of the Regional Counsel, Southwest Region, 2601 Meacham Blvd., Room 663, Fort Worth, Texas 76137.

(i) Subject

Joint Aircraft Service Component (JASC)
Code: 6300: Main Rotor Drive.

Issued in Fort Worth, Texas, on July 5, 2012.

Kim Smith,

Manager, Rotorcraft Directorate, Aircraft Certification Service.

[FR Doc. 2012-17279 Filed 7-20-12; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF COMMERCE

Bureau of Industry and Security

15 CFR Parts 732, 738, 746, and 774

[Docket No. 110725414-1480-01]

RIN 0694-AF31

Export and Reexport Controls to Rwanda and United Nations Sanctions Under the Export Administration Regulations

AGENCY: Bureau of Industry and Security, Commerce.

ACTION: Final rule.

SUMMARY: In this final rule, the Bureau of Industry and Security (BIS) amends the Export Administration Regulations (EAR) to implement United Nations Security Council Resolution (UNSCR) 1823 (2008), which, among other things, terminated sanctions against Rwanda concerning “arms and related materiel” imposed in 1994 pursuant to UNSCR 918. This rule includes conforming changes in the EAR related to the termination of the United Nations embargo on “arms and related materiel” against Rwanda, including the removal of machetes from the Commerce Control List (CCL). Further, BIS amends Part 746 (Embargoes and Other Special Controls) of the EAR to require a license to export or reexport certain items to countries subject to United Nations Security Council arms embargoes. A presumptive denial policy will apply to applications to export or reexport items that are

controlled for UN reasons and that would contravene a United Nations Security Council arms embargo.

DATES: This rule is effective July 23, 2012.

FOR FURTHER INFORMATION CONTACT:

Susan Kramer, Foreign Policy Division, Office of Nonproliferation and Treaty Compliance, Bureau of Industry and Security, U.S. Department of Commerce, Telephone (202) 482-4252 or Email Susan.Kramer@bis.doc.gov.

SUPPLEMENTARY INFORMATION:

Background

The arms embargo against Rwanda was initially imposed through United Nations Security Council Resolution (UNSCR) 918 on May 17, 1994, and was continued through subsequent resolutions, including UNSCR 1011 on August 16, 1995. The embargo was implemented in the EAR on August 8, 1994 (59 FR 40235), most recently in § 746.8 of the EAR. The United Nations Security Council terminated the arms embargo against Rwanda on July 10, 2008, via UNSCR 1823. Accordingly, this rule removes the United Nations Embargo (UN) controls on Rwanda by removing Rwanda from Part 746. BIS also makes conforming changes related to the removal of UN controls on Rwanda in § 732.3, Supplement No. 1 to Part 738 and Supplement No. 1 to Part 774 of the EAR.

One of the conforming changes is the removal of machetes from Export Control Classification Number (ECCN) 0A988. Machetes were added to the CCL when BIS in 1994 (then called the Bureau of Export Administration) implemented the United Nations Security Council arms embargo against Rwanda by way of Executive Order 12918 (59 FR 40235 (Aug. 8, 1994)). Because this rule removes the UN controls imposed against Rwanda and because machetes were added to the CCL to address concerns with their use in Rwanda in particular, BIS is removing machetes from the CCL.

In this final rule, BIS also amends § 746.1(b) to require a license for the export or reexport of items controlled for “UN” reasons to countries subject to United Nations Security Council arms embargoes. Paragraph (b)(2) lists all the countries subject to United Nations Security Council arms embargoes. Paragraph (b)(3) states that, to the extent consistent with United States national security and foreign policy interests, and pursuant to revised paragraph (b) of § 746.1, BIS will not approve applications to export or reexport items with a UN reason for control to countries subject to United Nations

Security Council arms embargoes if such authorizations would be contrary to the relevant United Nations Security Council Resolutions. Paragraph (b)(4) provides that the availability of license exceptions to countries listed in § 746.1(b)(2) is restricted to License Exception GOV § 740.11(b)(2)(i) and (ii).

The rule also clarifies the UN embargo provisions for Iraq and North Korea under the EAR by including cross-references to § 746.3 (Iraq) and § 746.4 (North Korea).

Export Administration Act

Since August 21, 2001, the Export Administration Act of 1979, as amended, has been in lapse. However, the President has continued the EAR in effect under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) through Executive Order 13222 of August 17, 2001 (3 CFR, 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50661 (Aug. 16, 2011)). BIS continues to carry out the provisions of the Act, as appropriate and to the extent permitted by law, pursuant to Executive Order 13222.

This action is taken after consultation with the Secretary of State. BIS submitted a foreign policy report to the Congress indicating the imposition of new foreign policy controls on June 28, 2012.

Rulemaking Requirements

1. Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This rule has been determined to be not significant for purposes of Executive Order 12866.

2. Notwithstanding any other provisions of law, no person is required to respond to nor be subject to a penalty for failure to comply with a collection of information, subject to the requirements of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This rule involves a collection of information

subject to the PRA. This collection has been approved by the Office of Management and Budget under control number 0694-0088, “Multi-Purpose Application,” which carries a burden hour estimate of 58 minutes to prepare and submit form BIS-748. Total burden hours associated with the PRA and OMB control number 0694-0088 are not expected to increase as a result of this rule.

3. This rule does not contain policies with Federalism implications as that term is defined under Executive Order 13132.

4. Pursuant to 5 U.S.C. 553(a)(1), the provisions of the Administrative Procedure Act requiring notice of proposed rulemaking, the opportunity for public participation, and a delay in effective date, are inapplicable because this regulation involves a military or foreign affairs function of the United States. (*See* 5 U.S.C. 553(a)(1)). This final rule implements U.S. multilateral commitments concerning United Nations Security Council arms embargoes. The sanctions against Rwanda were initially implemented in part to fulfill U.S. obligations to implement the United Nations Security Council’s arms embargo against Rwanda. Consistent with the United Nations Security Council’s actions lifting the arms embargo and U.S. obligations thereunder, BIS is removing the sanctions imposed against Rwanda under the EAR. In addition, in this rule, BIS amends the EAR to require a license to export or reexport certain items to countries subject to United Nations arms embargoes. To the extent consistent with United States national security and foreign policy interests, BIS will not approve such license applications if such authorizations would be contrary to relevant United Nations Security Council Resolutions. In light of United States commitments, BIS implements this approach pursuant to the existing licensing provisions and policies set out in Part 742 of the EAR and pursuant to revised § 746.1(b), which sets out countries subject to United Nations Security Council arms embargoes. No other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this rule. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule by 5 U.S.C. 553, or by any other law, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, are not applicable. Therefore, this regulation is issued in final form and is made effective immediately upon publication.

List of Subjects**15 CFR Part 732**

Administrative practice and procedure, Exports, Reporting and recordkeeping requirements.

15 CFR Part 738

Exports.

15 CFR Parts 746 and 774

Exports, Reporting and recordkeeping requirements.

Accordingly, parts 732, 738, 746 and 774 of the Export Administration Regulations (15 CFR parts 730–774) are amended as follows:

PART 732—[AMENDED]

- 1. The authority citation for 15 CFR part 732 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; Notice of August 12, 2011, 76 Fed. Reg. 50661 (Aug. 16, 2011).

- 2. Section 732.3 is amended

- a. By removing the phrase “and Rwanda” from paragraph (d)(4); and
- c. By revising paragraph (i) introductory text to read as follows:

§ 732.3 Steps regarding the ten general prohibitions.

* * * * *

(i) *Step 14: Embargoed countries and special destinations.* If your destination for any item is Cuba, Iran, Iraq, North Korea, or Syria, you must consider the requirements of parts 742 and 746 of the EAR. Unless otherwise indicated, General Prohibition Six (Embargo) applies to all items subject to the EAR, i.e. both items on the CCL and within EAR99. See § 746.1(b) for destinations subject to limited sanctions under United Nations Security Council arms embargoes. You may not make an export or reexport contrary to the provisions of part 746 of the EAR without a license unless:

* * * * *

PART 738—[AMENDED]

- 3. The authority citation for 15 CFR Part 738 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; 10 U.S.C. 7420; 10 U.S.C. 7430(e); 22 U.S.C. 287c; 22 U.S.C. 3201 *et seq.*; 22 U.S.C. 6004; 30 U.S.C. 185(s), 185(u); 42 U.S.C. 2139a; 42 U.S.C. 6212; 43 U.S.C. 1354; 15 U.S.C. 1824a; 50 U.S.C. app. 5; 22 U.S.C. 7201 *et seq.*; 22 U.S.C. 7210; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; Notice of August 12, 2011, 76 Fed. Reg. 50661 (Aug. 16, 2011).

- 4. Supplement No. 1 to Part 738 is amended

- a. By removing the footnote designation “1” from the country “Rwanda”;
- b. By adding the footnote designation “1” to “Cote d’Ivoire,” “Congo (Democratic Republic of),” “Eritrea,” “Iran,” “Lebanon,” “Liberia,” “Libya,” “Korea, North,” “Somalia,” and “Sudan”; and
- c. By revising footnote 1 to the Supplement to read as follows:

Supplement No. 1 To Part 738

[Reason for Control]

* * * * *

¹ See § 746.1(b) for United Nations Security Council Sanctions under the EAR. See § 746.3 for United Nations Security Council-related license requirements for exports and reexports to Iraq or transfer within Iraq under the EAR, as well as regional stability licensing requirements not included in the Country Chart.

* * * * *

PART 746—[AMENDED]

- 5. The authority citation for 15 CFR Part 746 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; 22 U.S.C. 287c; Sec 1503, Pub. L. 108–11, 117 Stat. 559; 22 U.S.C. 6004; 22 U.S.C. 7201 *et seq.*; 22 U.S.C. 7210; E.O. 12854, 58 FR 36587, 3 CFR, 1993 Comp., p. 614; E.O. 12918, 59 FR 28205, 3 CFR, 1994 Comp., p. 899; E.O. 13222, 3 CFR, 2001 Comp., p. 783; Presidential Determination 2003–23 of May 7, 2003, 68 FR 26459, May 16, 2003; Presidential Determination 2007–7 of December 7, 2006, 72 FR 1899 (January 16, 2007); Notice of August 12, 2011, 76 FR 50661 (August 16, 2011).

- 6. Revise § 746.1(b) to read as follows:

§ 746.1 Introduction

* * * * *

(b) *Sanctions on selected categories of items to specific destinations.* (1) BIS controls the export and reexport of selected categories of items to countries under United Nations Security Council arms embargoes. See the Commerce Control List in Supplement No. 1 to Part 774. See also §§ 746.3 (Iraq) and 746.4 (North Korea).

(2) The countries subject to United Nations Security Council arms embargoes are: Cote d’Ivoire (Ivory Coast), Democratic Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Liberia, Libya, North Korea, Somalia, and Sudan.

(3) A license is required to export or reexport items identified in Part 774 as having a “UN” reason for control to countries identified in paragraph (b)(2) of this section. To the extent consistent with United States national security and

foreign policy interests, BIS will not approve applications for such licenses if the authorization would be contrary to the relevant United Nations Security Council Resolution.

(4) You may not use any License Exception to export items subject to UN arms embargo controls to countries listed in 746.1(b)(2), except License Exception GOV § 740.11(b)(2)(i) and (ii).

* * * * *

§ 746.8 [Removed and Reserved]

- 7. Remove and reserve § 746.8.

PART 774—[AMENDED]

- 8. The authority citation for 15 CFR Part 774 continues to read as follows:

Authority: 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; 10 U.S.C. 7420; 10 U.S.C. 7430(e); 22 U.S.C. 287c; 22 U.S.C. 3201 *et seq.*; 22 U.S.C. 6004; 30 U.S.C. 185(s), 185(u); 42 U.S.C. 2139a; 42 U.S.C. 6212; 43 U.S.C. 1354; 15 U.S.C. 1824a; 50 U.S.C. app. 5; 22 U.S.C. 7201 *et seq.*; 22 U.S.C. 7210; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; Notice of August 12, 2011, 76 FR 50661 (August 16, 2011).

- 8. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A018 is amended:

- a. By revising the UN “Control(s)” paragraph in the “License Requirements” section;
- b. By revising the “LVS” paragraph in the “License Exceptions” section; and
- c. By removing paragraph (1) from the “Related Controls” paragraph in the “List of Items Controlled” section.

The revisions read as follows:

Supplement No. 1 To Part 774—The Commerce Control List

* * * * *

0A018 Items on the Wassenaar Munitions List.**License Requirements**

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$5,000 for 0A018.a
\$3,000 for 0A018.b
\$1,500 for 0A018.c and .d

* * * * *

List of Items Controlled

Unit: * * *

Related Controls: See 0A979, 0A988, and 22 CFR 121.1 Categories I(a), III(b–d), and X(a).

* * * * *

■ 9. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A918 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

Supplement No. 1 To Part 774—The Commerce Control List

* * * * *

0A918 Miscellaneous Military Equipment Not on the Wassenaar Munitions List.

License Requirements

Reasons for Control: * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$5,000 for 0A918.a
\$1,500 for 0A918.b

* * * * *

■ 10. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A919 is amended by removing the UN “Control(s)” paragraph from the License Requirements section.

■ 11. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A984 is amended by revising the UN “Control(s)” paragraph in the License Requirements section to read as follows:

0A984 Shotguns with barrel length 18 inches (45.72 cm) or over; receivers; barrels of 18 inches (45.72 cm) or longer but not longer than 24 inches (60.96 cm); complete trigger mechanisms; magazines and magazine extension tubes; complete breech mechanisms; buckshot shotgun shells; except equipment used exclusively to treat or tranquilize animals, and except arms designed solely for signal, flare, or saluting use.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 12. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A985 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

0A985 Discharge type arms and devices to administer electric shock for example, stun guns, shock batons, shock shields, electric cattle prods, immobilization guns and projectiles; except equipment used exclusively to treat or tranquilize animals, and except arms designed solely for signal, flare, or saluting use; and parts, n.e.s.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 13. In Supplement No. 1 to Part 774 (the Commerce Control list), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A986 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

0A986 Shotgun shells except buckshot shotgun shells, and parts.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 14. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0 Nuclear Materials, Facilities and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A987 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” to read as follows:

0A987 Optical sighting devices for firearms (including shotguns controlled by 0A984); and parts (See list of items controlled).

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 15. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0 Nuclear Materials, Facilities and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0A988 is amended by revising the Heading and the UN “Control(s)” paragraph in the “License Requirements” to read as follows:

0A988 Conventional military steel helmets as described by 0A018.d.1.

License Requirements

Reason for Control: * * *

UN applies to entire entry.	See § 746.1(b) for UN controls.
* * * * *	

* * * * *

■ 16. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0B986 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

0B986 Equipment specially designed for manufacturing shotgun shells; and ammunition hand-loading equipment for both cartridges and shotgun shells.

License Requirements

Reason for Control: * * *

Control(s) * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 17. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0E018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “TSR” paragraph in the “License Exceptions” section to read as follows:

0E018 “Technology” for the “Development,” “Production,” or “Use” of Items Controlled by 0A018.a Through 0A018.c.**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

License Exceptions

* * * * *

TSR: Yes.

* * * * *

■ 18. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0E918 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

0E918 “Technology” for the “Development,” “Production,” or “Use” of Bayonets.**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 19. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 0—Nuclear Materials, Facilities, and Equipment [and Miscellaneous Items]—Export Control Classification Number (ECCN) 0E984 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

0E984 “Technology” for the “development” or “production” of shotguns controlled by 0A984 and buckshot shotgun shells.**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 20. In Supplement No. 1 to Part 774 (the Commerce Control List), Category

1—Special Materials and Related Equipment, Chemicals, “Micro Organisms,” and “Toxins”—Export Control Classification Number (ECCN) 1A005 is amended:

■ a. By removing paragraph (3) of the “Related Controls” section; and

■ b. By revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

1A005 Body armor, and specially designed components therefor, not manufactured to military standards or specifications, nor to their equivalents in performance.**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 21. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 1—Special Materials and Related Equipment, Chemicals, “Micro Organisms,” and “Toxins”—Export Control Classification Number (ECCN) 1A008 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

1A008 Charges, devices and components, as follows (see List of Items Controlled).**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$3000 for .a through .c;
\$6000 for .d.

* * * * *

■ 22. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 1 Special Materials and Related Equipment, Chemicals, “Micro Organisms,” and “Toxins”—Export Control Classification Number (ECCN) 1B018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

1B018 Equipment on the Wassenaar Arrangement Munitions List.**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$3000 for 1B018.a for countries WITHOUT an “X” in RS Column 2 on the Country Chart contained in Supplement No. 1 to part 738 of the EAR;
\$5000 for 1B018.b.

■ 23. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 1 Special Materials and Related Equipment, Chemicals, “Micro Organisms,” and “Toxins”—Export Control Classification Number (ECCN) 1C018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

1C018 Commercial Charges and Devices Containing Energetic Materials on the Wassenaar Arrangement Munitions List and Certain Chemicals as Follows (see List of Items Controlled).**License Requirements***Reason for Control:* * * *

Control(s)	Country chart
* * * * *	
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions*LVS:* \$3000

* * * * *

■ 24. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 1—Special Materials and Related Equipment, Chemicals, “Micro Organisms,” and “Toxins”—Export Control Classification Number (ECCN) 1D018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “Related Controls” section to read as follows:

1D018 “Software” specially designed or modified for the “development,”

“production,” or “use” of items controlled by 1B018.				
License Requirements				
Reason for Control: * * *				
Control(s)		Country chart		
*	*	*	*	*
UN applies to entire entry.		See § 746.1(b) for UN controls.		
*	*	*	*	*
Related Controls: N/A				
*	*	*	*	*

■ 25. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 2—Materials Processing—Export Control Classification Number (ECCN) 2B018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “LVS” and “GBS” paragraphs in the “License Exceptions” section to read as follows:

2B018 Equipment on the Wassenaar Arrangement Munitions List.

License Requirements				
Reason for Control: * * *				
Control(s)		Country chart		
*	*	*	*	*
UN applies to entire entry.		See § 746.1(b) for UN controls.		

License Exceptions

LVS: \$3000.

GBS: Yes, as follows, except N/A for MT-controlled items or destinations for which a license is required for RS reasons: Equipment used to determine the safety data of explosives as required by the International Convention on the Transport of Dangerous Goods (C.I.M.) Articles 3 and 4 in Annex 1 RID, provided that such equipment will be used only by the railway authorities of current C.I.M. members, or by the Government-accredited testing facilities in those countries, for the testing of explosives to transport safety standards, of the following description:

a. Equipment for determining the ignition and deflagration temperatures;

b. Equipment for steel-shell tests;

c. Drophammers not exceeding 20 kg in weight for determining the sensitivity of explosives to shock;

d. Equipment for determining the friction sensitivity of explosives when exposed to charges not exceeding 36 kg in weight.

* * * * *

■ 26. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 2—Materials Processing—Export Control Classification Number (ECCN) 2D018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “TSR” paragraph in the “License Exceptions” section to read as follows:

2D018 “Software” for the “development,” “production,” or “use” of equipment controlled 2B018.

License Requirements				
Reason for Control: * * *				
Control(s)		Country chart		
UN applies to entire entry.		See § 746.1(b) for UN controls.		

License Exceptions

* * * * *

TSR: Yes.

* * * * *

■ 27. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 2—Materials Processing—Export Control Classification Number (ECCN) 2E018 is amended:

■ a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

■ b. By revising the “TSR” paragraph in the “License Exceptions” section to read as follows:

2E018 “Technology” for the “use” of equipment controlled by 2B018.				
License Requirements				
Reason for Control: * * *				
Control(s)		Country chart		
*	*	*	*	*
UN applies to entire entry.		See § 746.1(b) for UN controls.		

License Exceptions

* * * * *

TSR: Yes.

* * * * *

■ 28. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 5—Telecommunications and “Information Security” (Part 1. Telecommunications) Export Control Classification Number (ECCN) 5A980 (Devices primarily useful for the surreptitious interception of wire, oral, or electronic communications; and parts and accessories therefor) is amended by removing the second NOTE, which refers to Rwanda, in the “License Requirements” section.

* * * * *

■ 29. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 5—Telecommunications and “Information Security” (Part I. Telecommunications) Export Control

Classification Number (ECCN) 5D980 (Other “Software,” as Follows (see List of Items Controlled) is amended by removing the second NOTE, which refers to Rwanda, in the “License Requirements” section.

* * * * *

■ 30. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 5—Telecommunications and “Information Security” (Part I. Telecommunications)—Export Control Classification Number (ECCN) 5E980 (“Technology” primarily useful for the “development,” “production,” or “use” of equipment controlled by 5A980) is amended by removing the NOTE, which refers to Rwanda, in the “License Requirements” section.

* * * * *

■ 31. In Supplement No. 1 to Part 774 (the Commerce Control list), Category 6 Sensors and Lasers—Export Control Classification Number (ECCN) 6A002 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

6A002 Optical Sensors.				
License Requirements				
Reason for Control: * * *				
Control(s)		Country chart		
*	*	*	*	*
UN applies to 6A002.a.1, a.2, a.3 and c.		See § 746.1(b) for UN controls.		
*	*	*	*	*

■ 32. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 6 —Sensors and Lasers—Export Control Classification Number (ECCN) 6A003 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

6A003 Cameras.				
License Requirements				
Reason for Control: * * *				
Control(s)		Country chart		
*	*	*	*	*
UN applies to items controlled in 6A003.b.3 and b.4.		See § 746.1(b) for UN controls.		
*	*	*	*	*

■ 33. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 6—Sensors and Lasers—Export Control Classification Number (ECCN) 6E001 is amended:

- a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and
- b. By removing paragraph “(5)” in the “TSR” paragraph in the “License Exceptions” section to read as follows:

6E001 “Technology” according to the general technology note for the “development” of equipment, materials or “software” controlled by 6A (except 6A991, 6A992, 6A994, 6A995, 6A996, 6A997, or 6A998), 6B (except 6B995), 6C (except 6C992 or 6C994), or 6D (except 6D991, 6D992, or 6D993).

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to “technology” for equipment Controlled by 6A002 or 6A003 for UN reasons.	See § 746.1(b) for UN controls.
* * *	* * *

License Exceptions

CIV: * * *

TSR: Yes, except for the following:

- (1) Items controlled for MT reasons;
- (2) “Technology” for commodities controlled by 6A002.e, 6A004.e, or 6A008.j.1;
- (3) “Technology” for “software” specially designed for “space qualified” “laser” radar or Light Detection and Ranging (LIDAR) equipment defined in 6A008.j.1 and controlled by 6D001 or 6D002; or
- (4) Exports or reexports to destinations outside of Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, Portugal, Spain, Sweden, or the United Kingdom of “technology” for the “development” of the following: (a) Items controlled by 6A001.a.1.b, 6A001.a.1.e, 6A001.a.2.a.1, 6A001.a.2.a.2, 6A001.a.2.a.3, 6A001.a.2.a.5, 6A001.a.2.a.6, 6A001.a.2.b, 6A001.a.2.d, 6A001.a.2.e, 6A002.a.1.a, 6A002.a.1.b, 6A002.a.1.c, 6A002.a.2.a, 6A002.a.2.b, 6A002.a.3, 6A002.b, 6A002.c, 6A003.b.3, 6A003.b.4, 6A004.c, 6A004.d, 6A006.a.2, 6A006.c.1, 6A006.d, 6A006.e, 6A008.d, 6A008.h, 6A008.k, 6B008, 6D003.a; (b) Equipment controlled by 6A001.a.2.c or 6A001.a.2.f when specially designed for real time applications; or (c) “Software” controlled by 6D001 and specially designed for the “development” or “production” of equipment controlled by 6B008, or 6D003.a.

STA: * * *

* * *

■ 34. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 6—Sensors and Lasers—Export Control Classification Number (ECCN) 6E002 is amended:

- a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and

- b. By removing paragraph “(4)” in the “TSR” paragraph in the “License Exceptions” section to read as follows:

6E002 “Technology” according to the general technology note for the “production” of equipment or materials controlled by 6A (except 6A991, 6A992, 6A994, 6A995, 6A996, 6A997 or 6A998) 6B (except 6B995) or 6C (except 6C992 or 6C994).

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to “technology” for equipment controlled by 6A002 or 6A003 for UN reasons.	See § 746.1(b) for UN controls.
* * *	* * *

License Exceptions

CIV: * * *

TSR: Yes, except for the following:

- (1) Items controlled for MT reasons;
- (2) “Technology” for commodities controlled by 6A002.e, 6A004.e, 6A008.j.1; or
- (3) Exports or reexports to destinations outside of Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, the Netherlands, Portugal, Spain, Sweden, or the United Kingdom of “technology” for the “production” of the following: (a) Items controlled by 6A001.a.1.b, 6A001.a.1.e, 6A001.a.2.a.1, 6A001.a.2.a.2, 6A001.a.2.a.3, 6A001.a.2.a.5, 6A001.a.2.a.6, 6A001.a.2.b, 6A002.a.3, 6A002.b, 6A002.c, 6A003.b.3, 6A003.b.4, 6A004.c, 6A004.d, 6A006.a.2, 6A006.c.1, 6A006.d, 6A006.e, 6A008.d, 6A008.h, 6A008.k, 6B008; and (b) Equipment controlled by 6A001.a.2.c and 6A001.a.2.f when specially designed for real time applications.

STA: * * *

* * *

■ 35. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 8—Marine—Export Control Classification Number (ECCN) 8A018 is amended:

- a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and
- b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

8A018 Items on the Wassenaar Arrangement Munitions List.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$5000.

* * *

■ 36. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 8—Marine—Export Control Classification Number (ECCN) 8A918 is amended:

- a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and
- b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

8A918 Marine Boilers.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$5000.

* * *

■ 37. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 9—Propulsion Systems, Space Vehicles and Related Equipment—Export Control Classification Number (ECCN) 9A018 is amended:

- a. By revising the UN “Control(s)” paragraph in the “License Requirements” section; and
- b. By revising the “LVS” paragraph in the “License Exceptions” section to read as follows:

9A018 Equipment on the Wassenaar Arrangement Munitions List.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to entire entry.	See § 746.1(b) for UN controls.

License Exceptions

LVS: \$1500

* * *

■ 38. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 9—Propulsion Systems, Space Vehicles and Related Equipment—Export Control Classification Number (ECCN) 9A991 is amended by revising the UN

“Control(s)” paragraph in the “License Requirements” section to read as follows:

9A991 “Aircraft,” n.e.s., and gas turbine engines not controlled by 9A001 or 9A101 and parts and components, n.e.s.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to 9A991.a.	See § 746.1(b) for UN controls.

* * * * *

■ 39. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 9—Propulsion Systems, Space Vehicles and Related Equipment—Export Control Classification Number (ECCN) 9D018 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

9D018 “Software” for the “use” of equipment controlled by 9A018.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

■ 40. In Supplement No. 1 to Part 774 (the Commerce Control List), Category 9—Propulsion Systems, Space Vehicles and Related Equipment—Export Control Classification Number (ECCN) 9E018 is amended by revising the UN “Control(s)” paragraph in the “License Requirements” section to read as follows:

9E018 “Technology” for the “development,” “production,” or “use” of equipment controlled by 9A018.

License Requirements

Reason for Control: * * *

Control(s)	Country chart
* * *	* * *
UN applies to entire entry.	See § 746.1(b) for UN controls.

* * * * *

Dated: July 13, 2012.

Kevin J. Wolf,

Assistant Secretary for Export Administration.

[FR Doc. 2012-17757 Filed 7-20-12; 8:45 am]

BILLING CODE 3510-33-P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 241

[Release No. 34-67448; File No. S7-06-12]

Commission Guidance Regarding Definitions of Mortgage Related Security and Small Business Related Security

AGENCY: Securities and Exchange Commission.

ACTION: Interpretation; solicitation of comment.

SUMMARY: The Securities and Exchange Commission (the “Commission”) is publishing interpretive guidance with respect to sections 3(a)(41) (the definition of “mortgage related security”) and 3(a)(53)(A) (the definition of “small business related security”) of the Securities Exchange Act of 1934 (the “Exchange Act”), in light of section 939(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Section 939(e) strikes provisions in sections 3(a)(41) and 3(a)(53)(A) of the Exchange Act that reference credit ratings issued by nationally recognized statistical rating organizations (“NRSROs”), and inserts new text that provides that in order to satisfy these definitions a security must meet “standards of credit-worthiness as established by the Commission.” Because more time is needed to develop and establish standards of creditworthiness for purposes of these definitions, the Commission is providing a transitional interpretation that will be applicable on and after July 20, 2012, and until such time as final Commission rules establishing new standards of creditworthiness become effective. The Commission also is seeking comment on potential standards of creditworthiness that could be established to replace the use of NRSRO credit ratings in the definitions of the terms “mortgage related security” and “small business related security.”

DATES: *Effective Date:* July 20, 2012.

Comments: Comments should be received on or before August 22, 2012.

FOR FURTHER INFORMATION CONTACT:

Michael A. Macchiaroli, Associate Director, at (202) 551-5525; Thomas K. McGowan, Deputy Associate Director, at (202) 551-5521; Randall W. Roy, Assistant Director, at (202) 551-5522; Mark M. Attar, Branch Chief, at (202) 551-5889; Carrie A. O’Brien, Special Counsel, at (202) 551-5640; and Rachel B. Yura, Attorney-Adviser, at (202) 551-5729, Office of Financial Responsibility, Division of Trading and Markets,

Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-7010.

ADDRESSES: Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission’s Internet comment form (<http://www.sec.gov/rules/interp.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number S7-06-12 on the subject line; or
- Use the Federal eRulemaking Portal (<http://www.regulations.gov>). Follow the instructions for submitting comments.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number S7-06-12. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (<http://www.sec.gov/rules/interp.shtml>). Comments also are available for Web site viewing and printing in the Commission’s Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make publicly available.

SUPPLEMENTARY INFORMATION:

I. Introduction

Section 3(a)(41) of the Exchange Act defines the term “mortgage related security” as, among other things, a security that is rated in one of the *two* highest rating categories by at least one NRSRO.¹ Section 3(a)(53)(A) of the Exchange Act defines the term “small business related security” as, among other things, a security that is rated in one of the *four* highest rating categories by at least one NRSRO.² A “rating category” refers to a distinct level in an NRSRO’s rating scale represented by a unique symbol, number, or score. For example, a rating scale consisting of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D has ten rating categories, with the AAA and AA categories being the two

¹ See 15 U.S.C. 78c(a)(41).

² See 15 U.S.C. 78c(a)(53)(A).