

Commercial Customs Operations Advisory Committee (COAC)

Government Issue Paper: Rapid Response Subcommittee Broker Modernization Working Group



**U.S. Customs and
Border Protection**

Office of Trade/Trade Policy & Programs
Rapid Response Subcommittee/Broker Modernization Working Group
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Action Required: Informational

Background:

- The Broker Modernization Working Group is focused on modernization efforts across the brokerage industry, including the broker exam, the updated broker regulations contained in 19 CFR Part 111, and Continuing Education for individual licensed customs brokers.
- The Commercial Customs Operations Advisory Committee (COAC) Broker Modernization Working Group's feedback and input on administration will be critical to the immediate success for these regulatory and exam changes.

Issue:

- Implementation of a remote-proctored broker exam will need to be rolled out on a gradual basis to provide for adequate testing and industry support.
- Major changes in the broker regulatory framework and educational requirements will require a significant number of updates for customs brokers.

Current Status:

The Customs Broker License Exam

- The most recent customs broker exam took place April 27, 2022. Approximately 800 examinees sat for the exam, and the pass rate was 39.6 percent, which is relatively high compared to past examinations.
- The April 27, 2022 exam was offered at on-site testing centers in an electronic format.
- CBP received positive input from members of the Working Group on a well-written exam and posting the exam results quickly following exam day.
- CBP offered remote-proctored exams for a limited number of examinees during the April 2021 and October 2021 sessions.

Modernization of the Broker Regulations, 19 CFR 111

- CBP is finalizing a multi-year effort focused on the modernization of the broker regulations, which will align regulations with modernized broker practice in the electronic environment, capitalize on electronic opportunities that will provide resource optimization for both industry and CBP, and codify compliance requirements that will protect revenue and strengthen our knowledge of our importers.
- This regulatory package contains two Final Rules, Broker Regulation Modernization and Elimination of Broker District Fees.
- Proposed changes within the modernized broker regulations include the following:
 - Transition from permits in each district in which the broker does business to a single national permit. National permits will allow filing of all entry types electronically from any location.
 - Update of the broker responsible supervision and control requirement.

- Require that customs business may be conducted only within the customs territory of the United States.
- Provide for the storage of electronic customs records within the customs territory of the United States.
- Streamline broker reporting requirements and make reporting enhancements in the Automated Commercial Environment.
- The Final Rule is currently in review with the Department of Homeland Security (DHS) and the Department of the Treasury. Once cleared by DHS and Treasury, if deemed significant, the Final Rule will be forwarded to the Office of Management and Budget.

Continuing Education for Licensed Brokers

- CBP published a Notice of Proposed Rulemaking on September 9, 2020.
- CBP received approximately 70 comments from the public and has analyzed these comments and drafted a Final Rule. The Final Rule is currently in review in the Office of Trade.
- CBP anticipates the continuing education rule for individual licensed customs brokers would have a positive impact on broker compliance issues, help increase broker import expertise, and increase the valuable service to importers.

Next Steps:

- Although CBP did not offer a remote-proctored exam in April 2022, the intent is to resume this option starting with the October 2022 exam, starting with a limited number of examinees.
- Upon publication of the 19 CFR 111 Final Rule, CBP will publish updated public guidance for external stakeholders. CBP is also working on communications to share with the trade community prior to publication of the Final Rule, to ensure that stakeholders are fully prepared.
- If finalized, the Continuing Education Final Rule would require 36 hours of continuing education credit every three years for individual license holders, reportable with the Triennial Status Report.

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