



# 19 CFR 111 Final Rule




## Key Changes Modernizing Customs Broker Regulations



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The following table details the changes to provisions of 19 CFR Part 111 made by the final rule "Modernization of the Customs Broker Regulations" (87 FR 63267) and the final rule "Elimination of Customs Broker District Permit Fee" (87 FR 63262) published on 10/18/2022. The effective date of the final rules is 12/19/2022. The full text of the final rules can be found here: [87 FR 63267](#) and [87 FR 63262](#).

| Provision  | Change  | Section           |
|--|---|-------------------|
|  <p><b>New definition of "Processing Center"</b></p>   | <ul style="list-style-type: none"> <li>Processing Center means the broker management operations of a Center of Excellence and Expertise (Center) that process applications for a broker's license, applications for a national permit for an individual, partnership, association, or corporation, as well as submissions required in Part 111 for an already-licensed broker</li> <li>Center personnel (Broker Management Officers) at any of the 41 port locations will continue to process applications and submissions, based on the location through which the broker received/will receive the license and national permit</li> </ul> | Subpart A (111.1) |
|  <p><b>Establish one national permit for each broker</b></p>   | <ul style="list-style-type: none"> <li>CBP eliminates the broker districts and district permits and transitions brokers to a single national permit</li> <li>Current district permit holders without a national permit will be automatically transitioned to a national permit before the final rule effective date</li> <li>The national permit allows the broker to conduct customs business on a national scope</li> <li>The national permit eliminates permit waivers and simplifies permit management</li> </ul>   | Subpart A (111.2) |
|  <p><b>Customs business within U.S. customs territory and knowledgeable point of contact requirement</b></p> | <ul style="list-style-type: none"> <li>CBP's practice of requiring customs business to be conducted within the customs territory of the United States is now codified in the regulation</li> <li>Brokers must designate a knowledgeable point of contact to be available to CBP during and outside of normal operating hours to respond to customs business issues</li> </ul>   | Subpart A (111.3) |






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| <i>Provision</i>   | <i>Change</i>   | <i>Section</i>  |
|--|---|---|
|  <p><b>Broker Reporting and the Automated Commercial Environment (ACE)</b></p> | <ul style="list-style-type: none"> <li>• CBP modernizes regulations to allow brokers to transmit the following information via the ACE portal account:                             <ul style="list-style-type: none"> <li>✓ Information on new and terminated employees</li> <li>✓ Office of record and recordkeeping address information</li> <li>✓ Recordkeeping point of contact information</li> <li>✓ Knowledgeable 24/7 point of contact information</li> </ul> </li> <li>• If the ACE portal is not available, the information must be submitted to the processing Center</li> <li>• CBP eliminates the requirement to report an employee’s prior employer(s) and prior home address(s)</li> </ul> | <p>Subparts B &amp; C<br/>(111.12(a),<br/>111.21,<br/>111.28, &amp;<br/>111.30)</p> |
|  <p><b>Broker Fee Changes</b></p>  | <ul style="list-style-type: none"> <li>• CBP increases the license application fee from \$200 per application to \$300 for individual license applications and \$500 for organization license applications to recover some of the costs associated with the processing of applications and to better align the processing expenses between the application types</li> <li>• CBP allows for electronic submission of broker fees through the eCBP portal if a CBP EDI system exists (currently in practice for the broker exam fee and application as well as the triennial fee and report)</li> </ul>   | <p>Subparts B &amp; C<br/>(111.12(b) &amp;<br/>111.19(c))</p>                       |
|  <p><b>Broker Exam and License Changes</b></p>                                 | <ul style="list-style-type: none"> <li>• CBP may provide exam results to examinees electronically</li> <li>• CBP may accept exam appeals and issue appeal decisions electronically</li> <li>• CBP may provide alternatives to on-site testing such as remote proctor testing</li> <li>• An applicant who has been denied a license must address how deficiencies which resulted in the denial have been remedied when submitting a new application</li> </ul>   | <p>Subpart B<br/>(111.13,<br/>111.16-<br/>111.18,&amp;<br/>111.19(g))</p>           |
|  <p><b>Cyber Security and Records Requirements</b></p>                       | <ul style="list-style-type: none"> <li>• Brokers must maintain original records, including electronic records, within the U.S. customs territory</li> <li>• Brokers must notify CBP when there has been a breach of electronic or physical broker records and provide the compromised importer of record numbers</li> <li>• Revisions to records confidentiality allow brokers to share client information with third parties when authorized in writing by the client</li> </ul>   | <p>Subpart C<br/>(111.21,<br/>111.23 &amp;<br/>111.24)</p>                          |



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| <i>Provision</i>   | <i>Change</i>  | <i>Section</i>                                 |
|--|--|--|
|  <p><b>Responsible Supervision and Control (RS&amp;C) Requirements</b></p> | <ul style="list-style-type: none"> <li>• CBP has increased Responsible Supervision and Control factors listed in regulation from 10 to 13</li> <li>• CBP may consider the listed Responsible Supervision and Control factors to the extent any are relevant to a specific broker when determining what is necessary to perform and maintain responsible supervision and control</li> <li>• A sole proprietorship, partnership, association or corporation must employ a sufficient number of licensed brokers, the number of which may depend on multiple factors, such as the size of the broker entity, the skills and abilities of the employees and supervising employees, and the complexity and similarity of tasks</li> <li>• At the time of permit application, brokers must provide a supervision plan for exercising responsible supervision and control over its customs business, which will be unique to each broker and depend, among other things, on the size of a brokerage, the complexity of the customs business, and the types of transactions handled</li> </ul> | <p>Subpart C<br/>(111.28)</p>                  |
|  <p><b>False Information</b></p>   | <ul style="list-style-type: none"> <li>• Brokers must not give, solicit or procure the giving of any information or testimony that brokers knew or should have known was false or misleading in any matter pending before DHS or to any representative of DHS</li> <li>• Brokers must document and report to CBP when brokers cease business with the client as a result of determining that the client is intentionally attempting to use brokers to defraud the U.S. Government or commit a criminal act against the U.S. Government</li> </ul>  | <p>Subpart C<br/>(111.32)</p>                  |
|  <p><b>Broker/Client Relationship</b></p>                                | <ul style="list-style-type: none"> <li>• Brokers must execute a customs power of attorney directly with the importer of record or drawback claimant, and not via a freight forwarder or other (unlicensed) third party, to transact customs business for that importer of record or drawback claimant.</li> <li>• Brokers must advise the client on the proper corrective actions required in case of noncompliance, an error or an omission on the client's part, and retain a record of their communication with the client</li> </ul>   | <p>Subpart C<br/>(111.36 &amp;<br/>111.39)</p> |

