

Questions & Comments

From Roanoke Trade's "411 on 10+2 Bonding" Webinars held on December 16, 17, 2009 and January 6, 7, 2010

Bonds – General

1. Are the ISF bonds official, or still in talks?
 - A. ISF bonds are officially in the CBP regulations as of January 26, 2009, but CBP does not require them during the one-year delayed enforcement period. CBP will enforce the ISF bond requirement on January 26, 2010.

2. How will this affect a customer that files its own ISF compared to one that the customs broker files on its customer's behalf?
 - A. The ISF Importer that files its own ISF will obligate its bond. If the customs broker files the ISF on the ISF Importer's behalf, either the ISF Importer's bond or the customs broker's bond is obligated. The broker's bond is obligated only when the broker elects to be the ISF Importer and assume the ISF liability on behalf of the customer.

3. What does the term "ISF Bond Holder" refer to?
 - A. This term refers to the party whose bond is being obligated for ISF transactions. This party is the ISF Importer or their filing agent. The ISF Importer is the party causing goods to arrive within the limits of a port in the U.S. by vessel. See the CBP Regulations, §149.1(a).

4. How can an importer file its own ISF? Through a website? With special ABI software?
 - A. All ISFs must be made through either ABI or AMS. There is no website function offered by CBP; however, software providers and/or data service firms may make use of an internet-based interface to collect the information from their clients. These firms still use either ABI or AMS to provide the information to CBP.

5. Will a bond application be required for the ISF bond?
 - A. CBP will not require an application for the ISF bond – single or continuous. An application may be required by the surety if the bond falls outside of the bond provider's (i.e., customs broker's) underwriting authority.

6. Are ISF bonds only going to be available through FastBond™?
 - A. Our goal is to try to convert all of our clients to FastBond™ in order to issue ISF bonds (practically all of our clients are already using FastBond™ anyhow, so we do not believe this will be a problem). We will not be printing large quantities of 'paper-stock' bonds for distribution, but will have manual/paper resources on hand for when they may be needed. There is a link to register for FastBond™ on Roanoke Trade's home page, www.roanoketrade.com, or you can email fastbond@roanoketrade.com to sign up. We will also consider working with your ABI vendor to have a laser image of our ISF bond form incorporated into your system. If you are interested, please ask your ABI vendor as to the feasibility of this from its end, and if it currently works with Roanoke Trade to issue laser-printable CBP Form 301 STBs from its system. Either way, we are open to this discussion if adequate controls can be put into place.

7. We are an importer and our customs broker says we do not need the bond until CBP determines how to proceed.
 - A. Without knowing your existing bond situation, it is hard to comment on this. If you do not have a continuous CBP Form 301 on file today, and are shipping goods into the U.S. via ocean vessel, you will need to obtain one of the ISF bonding options to comply with ISF. January 26, 2010, is the enforcement date per CBP.

8. If our broker is the one filing the ISF with information we (importer) are providing, do we (importer) need an ISF bond?
 - A. Yes, if the customs broker is acting as your agent and you are the ISF Importer. The party responsible to obtain the bond is the party causing the goods to arrive within the limits of a port in the U.S. by vessel. Your customs broker is transmitting the information to CBP on your behalf, but you would need a bond to cover ISF obligations.

9. As a customs broker and current ISF filer for our importers, do we need to have a separate ISF bond that we can use for all transactions or do we need to get either a continuous or STB for each transaction for each importer?
 - A. A customs broker does not need a bond to transmit ISFs for its clients. The ISF is secured by the bond of the ISF Importer. If the customs broker is acting as the ISF Importer, then it is required to use one of the ISF bonding options.

10. How do I calculate the ISF bond amount?
 - A. As of January 18, 2010, the ISF STB will be \$10,000; the ISF continuous bond will be \$50,000; the amount of the unified STB is still yet to be finalized by CBP.

11. If I have a CBP Form 301 continuous bond, which I use to file ISF transactions now, will I also need an ISF continuous bond come January 26th? Same question for single entry: When I file single transaction bonds (STBs) come January 26th, will I need to file CBP Form 301 STB and also an ISF STB?

- A. Regarding continuous bonds—no, a separate ISF continuous bond is not required. The original interim final rule included a requirement that ISF Importers must possess a bond containing all of the provisions of one of the bonds required under 19 CFR §113.62, 113.63, 113.64 or 113.73. In addition, the rule permitted the filing of a separate ISF bond for those ISF Importers which do not hold one of the bonds under the previously mentioned sections.

On December 24, 2009, CBP issued a FRN, accessible at the website location, <http://edocket.access.gpo.gov/2009/E9-30570.htm>. This FRN explains that correcting amendments have now been implemented which add the ISF \$5,000 liquidated damages clause to 19 CFR §113.62, 113.63, 113.64 and 113.73.

Some importers, particularly large/frequent importers, may feel that having both an ISF continuous bond and a CBP Form 301 continuous bond is beneficial in monitoring their ISF obligations separately. However, that may unnecessarily increase their overall bond liability because CBP did confirm (during the week of January 11th) that if an importer's ISF bond is exhausted, they will file ISF claims against that importer's CBP Form 301 continuous bond—even if the CBP 301 was not the bond reported in the ISF transmission. Please consult with your Roanoke Trade bond representative for further details.

Regarding STBs—one CBP Form 301 STB can be used to cover both the entry and the ISF if a unified filing is submitted and the importer of record is also the ISF Importer (a unified filing occurs when both the entry and the ISF is filed at the same time). If you are not making a unified filing, you need to select one of the other bonding options to secure the ISF (since the STB would only cover the entry if not a unified filing). In general, importers that are using 5 or more STBs annually should obtain a continuous bond to limit ISF and other liquidated damage liability.

12. Why not use the ISF UIN for the unique surety bond reference number?

- A. The UIN (unique ISF Transaction Number) is not available until CBP has validated and accepted the ISF. The surety bond reference number must exist (and be submitted) before CBP will return the UIN to the filer.

13. How do we include an ISF Transaction Number when we need the bond to transmit the ISF?

- A. CBP requires that the surety bond reference number be transmitted before they will provide the ISF Transaction Number. This surety bond reference number will be obtained from FastBond™. Once the ISF Transaction Number is received (per CBP, within 10-15 seconds), CBP requires it be entered on the bond form. We realize that this requirement means our customers must go into FastBond™ twice. Unfortunately, it is outside our control. The process we have developed to comply with CBPs' rules

will be quite simple for our FastBond™ users. However, we are open to exploring ways to allow our clients to generate this number from their ABI and/or ISF systems.

14. Can the Dun & Bradstreet number also be used for the CBP Identification Number?

- A. No. The bond form must denote the bond principal's CBP identification number (AKA importer number, federal tax ID, CBP assigned number, social security number, etc.).

15. Is a continuous CBP Form 301 valid for a foreign-based EIN importer?

- A. Yes, as long as the bond is valid and sufficient.

16. Would it not be easier to issue an ISF STB with the ISF and use the importer's CBP Form 301 continuous bond for the entry to limit the liability to the importer?

- A. While this is an option, there are aggregate liabilities to consider. If an importer is going to have more than five ISFs in a year, we recommend it use its continuous bond in order to keep the accumulation of liability to a minimum. In general, we believe that an importer would actually be better off securing both the entry and the ISF under its CBP Form 301 continuous bond.

17. Can forwarders file for the new ISF bond?

- A. Forwarder needs for the ISF bond are uncertain. If you are doing in-bond filings for your customer, please contact your Roanoke Trade representative for further details.

18. If the final bond form is not yet approved by CBP, how do we file it now with Revenue?

- A. The Revenue Division of CBP just announced the week of January 11th that they will begin accepting ISF continuous bond requests starting the week of January 18th. However, remember that you may also file a request for a CBP Form 301 continuous to cover your ISF bonding requirement.

19. How can I determine which kind of bond to offer to my customer if it already has a continuous bond in place?

- A. If your customer has a continuous CBP Form 301 in place, no other bond is required. The chart below identifies the ISF bonding options.

Bond Type	Unified ISF	Stand Alone ISF	Bond Filing Location
Continuous CBP Form 301 Activity Code 1	Yes	Yes	Revenue Division
Continuous CBP Form 301 Activity Codes 2, 3 and 4	No	Yes	Local Port (processed by Revenue Division)
ISF Continuous	N/A	Yes	Revenue Division
Single Transaction CBP Form 301 Activity Code 1	Yes	N/A	Port of Entry
ISF Single Transaction	N/A	Yes	ISF_Bond@cbp.dhs.gov

20. Is it recommended for a freight forwarder who has its own continuous CBP Form 301 bond to consider an ISF bond in order to separate the risks?
- A. We do not recommend to anyone holding a minimum continuous CBP Form 301 bond (activity code 1-4) to purchase an ISF continuous bond.
21. Is January 26, 2010 the date when the cargo is laden on board or the date of the shipment?
- A. The deadline to file an ISF is 24 hours prior to lading. If the deadline occurs on January 26, 2010, or later, then the ISF is subject to enforcement and a proper bond is required.
22. Can the witness on the bond be anyone or will CBP require a certain type of witness?
- A. CBP does not require the witness to be of any specific title. As long as the individual witnessed the signature on the bond, the individual may sign as witness.
23. Will the NTC respond to e-mail filings with an automated reply, confirming receipt?
- A. We don't know for certain, but we suspect they will try to do that if possible.
24. As a matter of policy, we do not want to use our bond for any customer transactions. What do we do, then, for customers who do not have a continuous bond? Currently, the ABI system is not accepting ISF transmissions for customers on single bond transactions.
- A. ABI systems may only handle ISF single transaction bonds if you've worked out an approved numbering sequence with your surety bond provider; unified STBs will require special programming and should meet surety approvals as well. Roanoke Trade's FastBond™ program will allow for the issuance of ISF and unified STBs and ISF continuous bonds. If you don't have a login, contact fastbond@roanoketrade.com or call 1-800-ROANOKE. In the meantime, if you transmit bond information, you do not have to generate and e-mail the actual ISF STB to CBP until January 26, 2010.
25. How will an existing CBP Form 301 bond be considered sufficient?
- A. As long as CBP has not rendered the bond insufficient for any reasons (i.e., insufficient amount, bad address, bad debt, etc.), a CBP Form 301 continuous bond, activity code 1, 2, 3 or 4 is sufficient for ISF.
26. For stand-alone ISF, the STB will be required at the time of ISF filing. For unified entries, the CBP Form 301 bond would be required, but at the time of entry. Correct?
- A. Correct. The ISF STB must be e-mailed within 12 hours of receiving the unique ISF Transaction Number from CBP. The CBP Form 301, single transaction bond, must be presented to CBP at the time of entry.

27. Since the Appendix D form has not been approved by CBP, at what point can we file for the continuous ISF bond?
- A. CBP advised the sureties on 1/13/10 that any bond format is acceptable as long as it contains the language found in Appendix D to part 113. Roanoke Trade developed a bond form that will be used throughout the surety industry. The continuous ISF bond may now be filed at the Revenue Division and does not require an application.
28. What, if any, is the CBP form number for the ISF bond?
- A. CBP has not assigned a form number for the ISF bond. The conditions of the bond can be found in the CBP regulations, Appendix D to Part 113.

Bonds – Continuous

1. On the ISF continuous bond, what basis would be used to calculate the bond amount?
- A. Based on what we know today, the ISF continuous bond will be \$50,000. There is no calculation for determining the bond amount, unless CBP decides a greater amount is necessary to ensure compliance.
2. If an importer continues to use a CBP Form 301 STB for the entry, can it choose to obtain an ISF continuous bond instead?
- A. An importer may continue to use the STB for the entry and use either an ISF continuous bond or an ISF STB for the ISF obligation. If it is a unified filing (ISF and entry transmitted together) however, only the CBP Form 301 STB is required.
3. Can an importer apply for an ISF continuous bond now to be effective January 26th?
- A. The Revenue Division just announced that starting the week of January 18th, the industry can begin submitting ISF continuous bonds for review. Remember however, that CBP Form 301 continuous bonds may be submitted at any time, and these cover ISF bonding requirements as well.
4. Does an importer with a single transaction bond (either ISF STB or CBP Form 301 STB) need to provide the surety bond reference number during the ISF? Is it required for continuous bonds?
- A. CBP requires the surety bond reference number be transmitted in the ISF for ISF STBs only. For a unified ISF and entry filing, when the importer of record is also the ISF Importer, CBP utilizes the CBP Form 301 STB information normally provided with the entry portion of the transmission.

5. Has CBP stated any bond sufficiency guidelines for ISF continuous bonds?
 - A. Presently, CBP has stated that the bond amount for an ISF continuous bond will be \$50,000; however, depending upon ISF violations, they may require specific bonds be increased. It is our understanding that CBP would issue an insufficiency notice to the principal and surety, as is their current procedure for the CBP Form 301 bond.

6. What is the penalty amount of the ISF continuous bond?
 - A. As of today, \$50,000.

7. If an importer has a continuous CBP Form 301 bond, would it need an ISF bond?
 - A. It would not need an ISF bond if it has a sufficient continuous CBP Form 301 bond.

8. Why would an importer want to have a stand-alone ISF continuous bond? What benefits are there to having an ISF continuous bond when you can use a CBP Form 301 continuous bond for ISFs?
 - A. Some importers, particularly large/frequent importers, may feel that having both an ISF continuous bond and a CBP Form 301 continuous bond is beneficial in monitoring their ISF obligations separately. However, that may unnecessarily increase their overall bond liability. Please consult with your Roanoke Trade bond representative.

9. Is a POA required with the continuous bond application to CBP?
 - A. While an application is required by the Revenue Division for CBP Form 301 continuous bonds, they are not requiring one for the ISF continuous bond. As for the POA, when a bond is executed by an agent, a POA must exist but is not filed with CBP. CBP may request a POA copy at any time.

10. Please verify that there is NO application required for the stand-alone ISF continuous bond.
 - A. Correct. CBP will not require an application for the stand-alone ISF continuous bond.

11. Can a broker use its own continuous bond for any ISF Importer?
 - A. Yes, if the customs broker is acting as the ISF Importer. However, in doing so, the broker assumes full responsibilities of ISF-related liquidated damage assessments.

12. Should a broker get an ISF continuous bond when doing IEs and T&Es for steamship lines or just use its bond?

- A. The party filing the IE and T&E documentation is, by definition, the ISF Importer and the ISF Importer must submit the ISF-5 filing. The bond that backs this filing may be that of the ISF Importer, or its filing agent if the agent elects to obligate its bond.

13. How much time do we need to apply for the ISF continuous bond?

- A. Continuous bonds will be filed with the Revenue Division in Indianapolis. Generally, it takes approximately 10 business days to file a new continuous bond. However, with the new ISF bonding requirements taking effect on January 26, 2010, the Revenue Division may be back-logged with new bond submissions, so additional time may be needed.

14. Do importers with a continuous CBP Form 301 bond have to print out a copy of the ISF filing on the entry starting on January 26, 2010?

- A. No. The only time any ISF-related documents are required on an entry document is when the ISF and entry are transmitted in a unified filing AND both are secured by a single transaction bond. In this case, the CBP Form 301 STB would need to reflect the ISF transaction number next to the entry number.

15. What happens if the ISF bond is saturated? Can we apply for another ISF bond or do we have to wait until it renews?

- A. CBP has stated that the continuous ISF bond is \$50,000, unless they determine it needs to be increased due to multiple ISF violations. If CBP renders the ISF bond insufficient, you would need to contact your Roanoke Trade representative for underwriting approval to obtain a new bond. CBP does not allow for duplicate bonds to be on file at the same time, so you would not be able to obtain a new ISF bond in addition to the saturated bond.

Bonds – Single Transaction

1. Will the CBP Form 301 STB cover the ISF?

- A. Only for a unified filing (meaning that the ISF and the entry are filed at the same time), in which case the CBP assigned ISF number must also appear on the STB. If this cannot be done, and there is no continuous bond on file, an ISF STB would need to be filed to cover the ISF obligation and the CBP Form 301 STB would be filed to cover the entry obligations. The ISF STB would be emailed to the National Targeting Center; the CBP Form 301 STB would be filed with the entry at the local port.

2. Please clarify the bond amount for both the ISF STB and unified filing CBP Form 301 STB.
 - A. ISF STBs (stand-alone bonds) will be \$10,000. Previously, CBP advised that unified entries secured by CBP Form 301 STBs will be determined using the existing bond calculations (i.e., value + duty; 3 times the value, etc.). However, as of this writing CBP is re-evaluating the required amount for unified STBs.

3. Are the ISF STBs printed and available yet?
 - A. We are encouraging all of our clients to register for FastBond™ in order to issue ISF bonds. There is a link to register for FastBond™ on Roanoke Trade's home page, www.roanoketrade.com; or you can email fastbond@roanoketrade.com. If you must have manual/paper bonds, please contact 1-800-ROANOKE, ext. 1249 or email fastbond@roanoketrade.com for assistance.

4. Why would you, for a few dollars, issue ISF STBs, knowing that penalties can be \$5,000 each and some importers are going to be late and untimely?
 - A. Our underwriting guidelines will not allow execution of STBs to secure a late-filed ISF without our approval. Approval for a bond with a known claim will likely require collateral.

5. When a customs broker has an entry with multiple consignees (i.e., over 100 consignees) and each consignee has its own house bill of lading; can we issue one stand-alone bond or must we issue one bond for each house bill (consignee)?
 - A. Each ISF must be backed by a separate STB (the presumption for this question is that a STB would be used because no continuous bond is on file with CBP). If CBP allows your transaction to be submitted as one ISF, then only one STB would be necessary.

6. Where do we email our ISF STBs? To the same Revenue Division that we use now?
 - A. ISF STBs must be sent via email to the National Targeting Center at ISF_Bond@cbp.dhs.gov. The subject line of this e-mail must contain the ISF Transaction Number (with nothing else in the subject line).

7. Will a broker or agent be able to create an ISF STB?
 - A. FastBond™ will be available to our customs broker clients for issuing ISF STBs, unified filing STBs, and ISF continuous bonds.

8. If the importer has no continuous bond on file, will it need both a CBP Form 301 for the entry and an ISF bond for the ISF portion? Or will a CBP Form 301 cover both?

A. It depends on how the transmission is filed: If the entry and ISF are transmitted at the same time, it would be a unified filing. In that case, a CBP Form 301 STB would be used. If the entry is not submitted at the same time as the ISF, then a CBP Form 301 STB would be filed with the local port for the entry obligations and an ISF STB would be submitted to the National Targeting Center for the ISF obligation.

9. Can an ISF STB be written for a non-resident (or foreign based) importer?

A. CBP will accept an ISF STB for a non-resident importer; however, underwriting approval must first be obtained from Roanoke Trade. We will generally limit ISF exposures by limiting non-resident principals to Activity Code 1 continuous bonds, per applicable underwriting guidelines.

10. If an ISF STB is transmitted on an ISF prior to January 26th will it be obligated and will it be required to be emailed to CBP?

A. No bond is required until January 26, 2010 so there is no reason to do an STB filing.

11. Does the ISF STB have to be more than \$10,000 or ALWAYS \$10,000 no matter how high the invoice/duty value?

A. The ISF STB will always be \$10,000. The ISF bond does not cover any entry obligation with CBP. The CBP Form 301 Activity Code 1 bond covers entry or importation obligations.

12. Can we submit an ISF STB before we get CBP resolution on the format of the ISF Bond?

A. As of this writing, CBP has resolved the final language of the ISF bond.

13. Why would we use an ISF bond if CBP will accept a CBP Form 301 STB?

A. The ISF bond obligates only the ISF transmission. The CBP Form 301 STB can obligate both the ISF and entry; however, the ISF and entry must be filed at the same time (unified filing) and the importer of record must also be the ISF Importer.

14. If I am filing an ISF for an importer who has a continuous bond, but I am not filing an entry, would I need to do an STB?

A. No. The continuous bond (activity codes 1, 2, 3 or 4) can be used.

15. Will a stand-alone ISF STB cover more than 1 entry?

A. Not likely—the ISF covers a single shipment going to a single ISF Importer arriving on a single vessel voyage.

16. If the importer has FDA items and it has a continuous CBP Form 301 on file, is an ISF STB required and must it be calculated at 3 times the value?
- A. No. There is no ISF STB required – the continuous CBP Form 301 bond can secure the ISF.
17. In an ISF stand-alone transmission, is the entry date when the ISF is transmitted?
- A. For ISF STBs, an execution date must be entered on the bond, which should be the date the ISF is transmitted. There is no entry date because the ISF is not an entry.
18. Is a copy of the single transaction ISF bond required to be submitted with the entry?
- A. No. The ISF STB must be e-mailed to the National Targeting Center's e-mail address within 12 hours of the receipt of the unique ISF transaction number.
19. What if you file an ISF STB and you assign your entry number, but the importer changes their mind and uses another broker for the import entry (therefore utilizing another entry number)?
- A. The ISF single transaction bond does not require an entry number to be shown on the bond. The transaction being secured is the ISF, not the entry, and you must show the unique ISF Transaction Number assigned by CBP. An entry number may be part of the information in an ISF, but its use in that transmission is optional.
20. Who is responsible to transmit the ISF STB to the National Targeting Center - the ISF filer or the bonding company?
- A. The ISF Importer is responsible since it is his ISF that is backed by the ISF single transaction bond. The ISF Importer's agent (such as a customs broker) may submit the STB to the NTC on its behalf.
21. How does the execution date work on ISF STBs?
- A. The execution date is the date the ISF is transmitted, as well as the date the bond is issued.
22. How does an ISF STB filing affect remote location filing (RLF) entries?
- A. An ISF STB filing presumes the entry itself is also secured by the STB. Presently, CBP does not allow RLF filings for an entry secured by the STB.
23. Can the ISF STB only be used for one ISF transmission?
- A. Yes. An ISF continuous bond may be used for obligating multiple ISFs.

Unified Filings

1. How do you do a unified filing if the ISF must be filed prior to departure, BUT the entry cannot be filed until no earlier than 5 days from arrival?
 - A. CBP will accept the entry more than 5 days from arrival when it is part of a unified filing. However, while ISFs may be amended, we are not certain whether you would be able to amend the ISF if filed under a unified STB; if you cannot, this may pose an issue. Also, unified filings cannot be used for goods moving in-bond for entry at a port other than the port of arrival.

2. Is the CBP Form 301 the only way to do a unified filing?
 - A. Yes. A single or continuous CBP Form 301 is the only way to do a unified filing.

3. Does the unified filing CBP Form 301 STB have to be emailed to ISF_bond@cbp.dhs.gov within the 12 hour limit?
 - A. No. Unified filings secured by the CBP Form 301 STB must be filed with the local port when filing the entry/entry summary documentation. Only ISF STBs (meaning the filing is not unified) are emailed to ISF_bond@cbp.dhg.gov. The subject line of this e-mail must contain the ISF Transaction Number (with nothing else in the subject line).

4. For a unified entry that requires a STB should we file two STBs - one for the entry and one for the ISF?
 - A. A unified filing, when there is no continuous bond on file, would be obligated by one CBP Form 301 STB when the importer of record is also the ISF Importer.

5. On a unified filing, using a CBP Form 301 STB, can the bond amount be less than \$10,000?
 - A. Previously, CBP stated that the existing bond calculations should be used (i.e., value + duty, 3 times the value, etc.). However, CBP is currently re-evaluating if they will change the required bond amount to use existing calculations plus \$10,000 or some other amount. We will notify our clients and modify FastBond™ accordingly if this change is implemented by CBP.

6. Will it be possible to make unified filings under continuous bonds?
 - A. Yes, the continuous CBP Form 301 import bond can cover unified filings (meaning those where the ISF and entry are filed simultaneously).

7. Why are only 3% of the filings unified?
 - A. We believe this number is low because the filer may not have all of the data required for the entry at the time the ISF data is required to be transmitted.

FastBond™ Bond Issuance Process

1. Do you have to create an STB and then add it to the ISF transmission?
 - A. The user would create the bond, using the "Issue Bond" screen (as is currently done for the CBP Form 301 import bond). When the user selects "print now" or "print later", the surety bond reference number will be provided. The user may then transmit the ISF data to CBP, including this bond reference number. Upon acceptance of the data transmission, CBP will then provide a unique ISF Transaction Number (CBP has stated this number should be provided within 10-15 seconds of the transmission). The user would switch back to its FastBond™ screen and enter the ISF Transaction Number. The bond will not be able to be printed (or emailed) without that ISF Transaction Number. The process will be pretty intuitive, but we will be providing FastBond™ demos and training for those interested.

2. When will FastBond™ be enabled for ISF Bond Activity Code 16?
 - A. We are on track to be ready for the January 26, 2010 enforcement date and will keep our clients updated.

3. Will FastBond™ be programmed to auto-email the .pdf version of the ISF STB to CBP? Will we be able to automatically e-mail the ISF STB to CBP using FastBond after entering the ISF Transaction Number?
 - A. Users will be able to email the ISF STB to the National Targeting Center from FastBond™. Users will also be able to email the ISF continuous bond to the Revenue Division, just as they email a CBP Form 301 continuous bond from FastBond™ today. It is not certain that we will have the 'auto-email' feature you are contemplating, but we are looking into enhancements in that area. If you would like to provide us with further suggestions, please email them to fastbond@roanoketrade.com or send them to your Roanoke Trade bond service representative.

4. Does FastBond™ have the ISF continuous bond package or are you waiting from CBP to confirm the form?
 - A. Our users will be able to issue the complete ISF continuous bond package via FastBond™ when the January 26, 2010 enforcement date arrives.

5. What can or will Roanoke Trade do to make the process required by CBP easier in regards to adding the ISF Transaction Number to the ISF bond? Will we be able to edit the bond and type the number in, reprint and then send to CBP?
 - A. Please refer to question one above for how this will be handled in FastBond™. On another note, we will also consider working with your ABI vendor to have a laser image of our ISF bond form incorporated into your system. If you are interested, please ask your ABI vendor about the feasibility of this from their end, and if they currently work with Roanoke Trade to issue laser-printable CBP Form 301 STBs from its system. We are open to discussing this if adequate controls can be put into place.

6. How will we issue a bond if FastBond™ goes down?
 - A. Your Roanoke Trade representative will have access to alternative methods to assist you in issuing your bonds. In addition, you may contact our FastBond™ support team at fastbond@roanoketrade.com or 1-800-ROANOKE if an alternative access to bonds is required.

7. Based on your suggestion of the surety reference number, there needs to be a filer code as the prefix, we should assume only a CHB can write the bond?
 - A. Your assumption is correct; Roanoke Trade will only allow CHBs to issue an ISF single transaction bond. CBP has advised that surety companies may use any bond reference format they develop.

Bad Address

1. Will ISF continuous bonds be rendered insufficient for bad addresses?
 - A. Yes. When CBP gets notice of a forwarding order or gets returned mail, CBP renders all continuous bonds for that party as insufficient.

ISF Transmission

1. What is an acceptable bill of lading number for initial transmission?
 - A. Please refer to CBP's most recent FAQ (pages 10-11). The lowest bill of lading number (i.e., a house bill or regular bill) must be transmitted. This links the ISF to the manifest information (which must also be transmitted at least 24 hours prior to lading).

2. What if the shipper does not know the SCAC?
 - A. The ISF requires the SCAC of the vessel operator that is transporting the cargo. This should be obtained from the carrier. Every carrier filing automated manifest data uses a SCAC, and because AMS and ISF deadlines are similar, the carrier should already have obtained its SCAC.

3. If a shipment is trans-shipped from one feeder vessel to a mother vessel in a foreign port, does the (24 hours prior to lading) clock start at the final port of lading prior to arriving in U.S. or from the initial foreign port of lading?
 - A. The ISF deadline is 24 hours prior to the lading for the vessel that will call on the U.S. port (the mother vessel).

4. How do you select which bond to use for ISF submission other than the importer number when the bond number is not one of the transmission elements?
 - A. You would identify the bond by the Bond Holder, the Bond Activity Code and the Bond Type. These data elements will identify the bond.

5. For unified STB filings, you mentioned that you recommended the entry number be used as the surety bond reference number. Most brokerage systems auto-generate an entry number. If CBP accepted this recommendation, it could impact the brokers and their auto-generated entry numbers.
 - A. For a unified filing, the entry number should exist when the ISF is transmitted. Therefore, FastBond™ would be able to use the customs broker's entry number as the surety bond reference number.

6. What happens if I have an accepted ISF but no bill is on file and that is the only house airway bill information for which I received?
 - A. Goods moving under AWBs (Air Way Bills) are not subject to ISF regulations. If the question concerns house bills of lading, then the "no bill on file" messages means that the bill of lading in the ISF cannot be matched to the bill of lading in the vessel AMS. Either the bill of lading was not filed in both systems, or a mistake in the bill of lading number in the AMS filing or ISF occurred.

7. Can one ISF be filed with multiple bills of lading?
 - A. Possibly. CBP requires the ISF to be filed at the lowest bill of lading level. A single ISF may cover multiple bills of lading as long as they are all going to the same importer as part of the same shipment on the same vessel voyage.

8. Who is responsible for filing the ISF on consolidated containers?
 - A. The ISF Importer is responsible for filing the ISF. The ISF Importer may hire a third party to file the ISF on its behalf.

9. If a shipment is sent to the USA and an ISF is not filed, will the importer be able to change the final location (i.e., Canada) to avoid penalty?
 - A. The CBP regulations require that, when an ISF is required, it must be filed not less than 24 hours prior to lading at the foreign port. If the change occurs prior to the deadline to file the ISF, then there is no violation because the regulations have not been breached. If the change occurs after the filing deadline, CBP may pursue liquidated damages because of the breach of the regulations (not filing the ISF timely). CBP has stated, however, that "port shopping," will be frowned upon.

10. Can you file an ISF prior to the minimum requirement of 24 hours prior to departure?
- A. The deadline is 24 hours prior to lading of the cargo, not 24 hours prior to departure. Since CBP may not know the actual time the cargo passes the vessel's rail, it intends to use the time of departure, minus 24 hours, as a measurement of timeliness. We are not aware of any restriction as to how far in advance of lading that an ISF may be submitted.

Underwriting

1. If the importer of record is a foreign corporation and has a continuous bond, how do we proceed with ISF if no authority?
- A. The ISF can be filed because this importer already has its continuous bond in place.
2. Can the foreign importer use its CBP Form 301 STB to file its ISF?
- A. A CBP Form 301 STB may only be used to secure an ISF when transmitting a unified filing, regardless of whether the importer is foreign or domestic. Authority to issue bonds for foreign importers varies by surety. Roanoke Trade will generally accommodate minimum Activity Code 1 continuous bonds for non-resident importers' ISF bonding needs. To limit liability and avoid subrogation complications, Roanoke Trade will generally not permit issuance of STBs for non-resident importers. Exceptions require prior approval.
3. What is your policy on ISF bonding of foreign principals both ISF STBs and ISF continuous bonds?
- A. Prior approval will be required. However, Roanoke Trade will generally address entry and ISF liability concerns by limiting non-resident principals to Activity Code 1 continuous bonds; for those, prior approval will be required for such continuous bonds in excess of the minimum (currently \$50,000).
4. What again are the reasons that we cannot file a STB without prior approval (or will not be approved?)
- A. Contact Roanoke Trade for prior approval if the filing is late; or the principal has had 5 or more ISF STBs in the past year; or if the principal is a non-resident; or if the principal has an existing CBP 301 continuous bond on file. Other situations (e.g., bankrupt companies and principals on sanction with CBP) require prior approval from Roanoke Trade with or without ISF exposures.
5. What is Roanoke considering as full collateral? \$5,000 or \$10,000 for STBs?
- A. Full collateral means the face amount of the bond (e.g., \$10,000 collateral for a \$10,000 bond).

6. If a customs broker has a regular importer of record that has been filing all ISFs timely and accurately and it has a continuous bond, but it has one shipment that was not filed 24 hours prior to sailing, do we (as the CHB) need the bonding company's approval before transmitting the ISF and later the formal entry?
 - A. Prior approval from Roanoke Trade is not required.

7. If a shipment has already been laden on board, but has not yet arrived in the United States, will Roanoke Trade permit the writing of an ISF STB?
 - A. This question implies the ISF is not timely. When the ISF is being backed by a STB, and the ISF is untimely, Roanoke Trade must provide approval before a bond may be issued.

8. Going back to the comment about cargo that has arrived in the U.S. without having an ISF filed: we have been advised that CBP would be working on a case by case basis. If they withhold release until the ISF is filed, but advised that no penalty will be issued, will the surety authorize the STB?
 - A. We will consider authorizing an STB with written confirmation from CBP that no penalty will be issued.

9. What will happen if an importer does not file an ISF and wants to clear cargo with a customs broker? Knowing that this shipment will get a \$5,000 penalty, will the surety company authorize an STB to be issued? Will the broker get in trouble?
 - A. Our underwriting guidelines will not allow execution of STBs to secure a late-filed ISF without our approval. Approval for a bond with a known claim will most likely require collateral. It is unclear to us as to whether you are asking if the customs broker will get in trouble with CBP or the surety. If CBP, it is the ISF importer's responsibility to file; therefore, the customs broker should not be held accountable. If you are referring to the surety, each situation is reviewed by underwriters on a case-by-case basis.

10. If an importer loses its bond due to excessive penalties and it switches to another bond, would CBP prevent application for a new bond?
 - A. CBP would most likely not refuse a new bond; however, the surety will require additional underwriting information to consider writing the bond.

11. Is the surety able to actually assess the risk of each potential customer's ISF record?
 - A. At this time, it is not possible to assess the risk because we will not be receiving automated information through the Automated Surety Interface ("ASI"). ASI data is extracted from ABI. We have requested reports with our required data elements. It is unknown at this time what data CBP will provide to the sureties on ISF, or at what frequency the information will be provided.

12. If an importer is on 'do not load' status, can we issue single ISF bond?
 - A. No. Contact your Roanoke Trade bond representative for approval. Generally, collateral would be required.

13. If we, as a broker, receive documents from an importer that does not have a continuous bond on file and no ISF has been submitted for the shipment, can we still issue an STB for the entry?
 - A. As long as the bond is within your underwriting authority, you can issue the CBP Form 301 bond for your customer. However, CBP will withhold the release of the goods until the proper ISF documentation is provided.

Claims

1. When there is a master bill of lading and a non-AMS house bill of lading: If the ISF is late, will the consignee on the master bill of lading get the penalty or the consignee on the non-AMS house bill of lading?
 - A. The principal on the bond identified in the (late) ISF will be the party CBP pursues for liquidated damages for the late filing. The bond identified in the ISF can only be that of the ISF Importer, or his filing agent.

2. How will penalties be handled for ISF?
 - A. In the beginning, all violations are reviewed by CBP-HQ staff. Should they determine monetary action is necessary, CBP will generate a notice of penalty or liquidated damages on CBP Form 5955A.

3. Has CBP said how they plan on handling the huge volume of claims that will be issued?
 - A. No. But they did say that, initially, all violations will be reviewed by headquarters.

4. We have had issues with overseas agents submitting incorrect AMS bill of lading information despite our specific instructions, thus making us (the ISF Importer) in violation with "late" and "incorrect" filings. Would we be exempt from the liquidated damages if we have verifiable proof of instructions to the overseas agent who is reporting the information?
 - A. This may be a mitigating factor that allows you to reduce the amount of liquidated damages, but it will be CBP's discretion if they will cancel the claim entirely.

5. If the ISF must be paid immediately or on demand, does mitigation result in a refund? Or is mitigating done automatically by CBP and not requested by the filer?
 - A. Typically, CBP allows for a petitioning period, usually 60 days, where mitigating

factors can be presented. While the bond language indicates payment upon demand, liquidated damages are subject to Part 171 of the CBP regulations.

6. We (the brokers and forwarders) seemingly have lost the battle to postpone or cancel the ISF regulation starting January 26, 2010, but considering how almost 11 months into the "trial period", importers are at only a 50-60% compliance, it seems like just a revenue producing outlet for CBP. Even if a filing is hours or a day late, the "best" that an importer can hope for is to receive a \$1,000 mitigated decision. It just seems ridiculous. What is your opinion?
 - A. Considering initial requirements for CBP headquarters to review ISF liquidated damage assessments, it is extremely difficult for sureties to accurately forecast either ISF claims volume or the time required for CBP to arrive at a representative rate of claims issuance. There is unquestionably cause for serious concern as to ISF exposures.

7. If the ISF on a carnet is filed late, how will CBP collect damages?
 - A. No bond = no liquidated damages. However, the absence of a bond does not eliminate CBP's ability to enforce its laws. CBP can pursue other options: the cargo may be subject to heightened security procedures by CBP; the ISF Importer may be subject to heightened targeting rules for future transactions; and CBP can always pursue penalties under various statutory provisions.

8. Does the surety receive notifications from CBP on any ISF liquidated damages that are issued to importers?
 - A. Yes, it is CBP policy to provide a copy of a CBP Form 5955A to the surety.

9. What if someone imports goods classified as personal effects but CBP determines it is not personal effects because of the value or type of goods?
 - A. CBP may not release the shipment.

10. Does a failure to e-mail the NTC constitute a violation subject to liquidated damages?
 - A. If there is no bond submitted to the NTC, there can be no liquidated damages assessed. However, without the bond, CBP will withhold the release of the merchandise until proper documentation is provided.

11. Since we, as a broker, are filing for the importer who has its own bond, a late filing penalty should be issued to our customer with a copy to us. Is that correct?
 - A. CBP will assess the liquidated damages against the principal on the bond and send notice to the principal and the surety. They will not send a copy to the CHB.

Exemptions

1. What are carnet items? Specifically bulk pipe or crated pipe?
 - A. Carnet items are goods that temporarily enter the U.S. under either an ATA Carnet or a TECRO Carnet document. The carnet serves as the entry and bond for the goods, and its use is subject to an international agreement between the U.S. and certain countries that have adopted the Carnet Convention. Part 114 of the CBP Regulations discusses Carnets and § 149.1 of the CBP regulations provides guidance about the definition of bulk and break bulk cargo.

2. Will a cruise line be exempt from ISFs for its spares and stores off-loaded. These items are manifested via AMS. However the FAQ online with CBP states that the ISF is not required for ship parts. The Interim Final Rule states no exemption.
 - A. This question is best answered (or clarified) by CBP.

3. In the household exclusion for ISF, does this only include 3299 entries? What if the individual shops overseas and imports?
 - A. The exclusion for household goods (and personal effects) is an exclusion for a bond to secure the ISF. The ISF must still be filed. Each ISF is assigned a code as to what type of transaction it is. Usually the code is "01" for a commercial shipment, however if another code is more appropriate, than that code should be used. The code tells CBP what kind of shipment it is and allows CBP to apply different data validation and targeting rules.

4. I am an NVOCC. Personal effects are exempt from the bonding requirement; if I file the ISF-10 on behalf of a personal effects customer, am I still subject and liable for any CBP penalties?
 - A. Personal effects shipments are exempt from bond requirements as a matter of policy by CBP. Without a bond, CBP may not impose liquidated damages for any ISF violations. Liquidated damages are only one type of enforcement remedy available to CBP as other remedies exist such as withholding goods from release.

Miscellaneous

1. Will the ISF Bond be liquidated separately?
 - A. Liquidation is a term that refers to the final appraisal and classification by CBP and applies to the entry of merchandise. The ISF is not an entry, and therefore, the rules of liquidation do not apply.

2. What about LCL shipments for one-timers?
 - A. If the ISF Importer does not already have a continuous bond in place, the ISF would

have to be handled by a licensed customs broker doing business with Roanoke Trade, and any bond necessary for the ISF would be subject to the underwriting rules and guidelines.

3. I have a problem that whether I send in AMS number or Master Bill of Lading, both still show no bill on file. I do check the number on both. There is no typing error even - I received the actual arrival notice.
 - A. This problem should be worked with your ABI/AMS client representative.
4. Do you know what percent of ISFs are filed via AMS compared to ABI?
 - A. We do not have this information available; CBP should be able to advise on this question.
5. Who is responsible for the ISF for the various consignments in a consolidated container?
 - A. Each ISF Importer is responsible to file the ISF. The ISF must be filed at the lowest bill of lading level that has been (or will be) recorded in the vessel AMS system.
6. Can one party make the ISF filing and another make the CBP entry?
 - A. Yes.
7. What if the bill of lading shows final destination of Chicago and it is just getting off in Vancouver and being railed over?
 - A. The ISF regulations cover certain ocean cargo destined to arrive within the customs territory of the U.S. Since these goods did not arrive in a U.S. customs territory by vessel, they are not subject to the ISF requirements. However, they are subject to U.S. advance manifest requirements for rail shipments and subject to any Canadian advance manifest requirements.

Pricing

1. What will the pricing be for ISF STBs and ISF continuous bonds? Will there be any pricing changes for CBP Form 301 STBs (if covering a unified filing), or for CBP Form 301 continuous bonds that are covering ISF exposures?
 - A. We have no current intention of changing the existing pricing for CBP Form 301 single or continuous bonds, including situations where a unified filing will occur. However, as ISF exposures begin to become quantified with the commencement of CBP assessment of liquidated damages for late or inaccurate ISF filings, our sureties could be forced to modify their stance on this. As for ISF STBs and ISF continuous bonds, our clients are being notified of pricing.

We anticipate that most importers/ISF filers who currently use CBP Form 301 STBs, will find it best to switch to a CBP Form 301 continuous bond and our sureties encourage them to do so. In fact, it will be our intention to monitor ISF single users' aggregate liability and request that companies with five or more ISF filings immediately convert to either a CBP Form 301 continuous or ISF continuous bond.

It is likely that the Revenue Division will be processing requests for new CBP Form 301 continuous bonds at an unprecedented rate prior to the ISF enforcement date. This could result in a slower than normal response. Accordingly, advanced planning and preparation is advised.

ISF-5 Clarification

1. FTZ requires an ISF-10.
 - A. Thank you for the clarification. CBP requires an ISF-5 for FROB, T&E shipments, and IE shipments. Goods imported into the U.S. but entered into a FTZ are subject to the ISF-10 requirements.
2. We had a T&E bond but dropped it recently due to non-use. Now we might revive that part of our business. Do we need an ISF bond?
 - A. You would need to obtain the Activity Code 2 CBP Form 301 continuous bond in order to revive your business. This bond is also able to secure ISF obligations.
3. On in-bonds and CBP Form 214s (I.T., T&E, FTZ), please clarify which party must have the ISF bond: The "in-bond via" party (i.e., the bonded trucking company); the customs broker who prepares the bond and signs as the preparer; or the importer shown on the import bill of lading?
 - A. Per CBP regulations, 19 CFR §149.1, CBP defines the ISF Importer for these transactions as the party filing the IE, T&E, and FTZ documentation. The ISF Importer is the party required to have the bond.
4. If we are doing an in-bond CBP Form 7512 do we still need do an ISF?
 - A. Yes.
5. Is a receiving CFS required to have an ISF bond for in-bond cargo?
 - A. No bond is required unless the CFS is going to be the party filing the T&E or IE.
6. Regarding T&E shipments, you said that the party filing for the ISF will have to use its bond. Is this mandatory? Because we are advising our customers in Mexico to have a continuous bond so "we" can file the ISF on their behalf, using their bonds and not ours.

- A. The bond securing an ISF must be that of the ISF Importer or his filing agent. For a T&E shipment, the ISF Importer is (by regulation) the party filing the T&E documentation.
7. Are importers that regularly do "in-bonds" and not consumption entries required to have this ISF bond?
- A. Yes, if the importer is considered the ISF Importer. For in-bond, the ISF Importer is the party filing the documentation.
8. Please clarify bond requirements for ISF-5 filings.
- A. The bonding requirements for ISF-5 are the same as for ISF-10. Please refer to 19 CFR §149.5.
9. We are an international ocean carrier and we are currently using a continuous CBP Form 301 type 3 and 3a bond. Do we need an additional or different bond for filing ISF-5 and -2? ISF-10?
- A. No, the regulations that describe the obligations of the Activity Code 3 bond were automatically expanded effective January 26, 2009. This bond covers any ISF, whether 2, 5, or 10.
10. I am curious to learn how the program will affect our business model. We provide surface transportation for cargo moving on T&E from LAX to MIA. How will the ISF impact the transportation provider?
- A. It probably will not affect you beyond what you already do. The goods you pick up at the port of arrival and transport to another port for export are goods that have already had the ISF submitted and screened by CBP. However, if you are also the party filing the T&E itself, you are required to be the importer for ISF purposes and must meet bonding requirements. If you already have an Activity Code 2 bond, you would meet such bonding requirements.
11. Do I need an ISF bond for ocean originating IEs and T&Es?
- A. If you are the party filing the documentation, you are considered the ISF Importer and require a bond.

NVOCCs

1. As an NVOCC, can we get bonds and file on behalf of our customers – even if they have a CBP Form 301 continuous bond?
- A. You would not be required to obtain a bond if you are filing the ISF on behalf of your customers and obligating their bonds.

Key Abbreviations and Terms Used

CBP – Customs and Border Protection.

CBP Form 301 – The CBP bond form most commonly used. Unless otherwise indicated in this FAQ, it refers to the activity code 1 bond.

CFS – Container freight station.

DHS – Department of Homeland Security.

EIN – Employer Identification Number, sometimes also called the “IRS Number.”

IE – Immediate exportation; a type of bonded shipment where the cargo is not entered.

ISF – Importer Security Filing.

ISF Bond – Importer Security Filing bond, found in Appendix D to Part 113 of the CBP regulations.

ISF Importer – The party causing the goods to arrive by ocean within the limits of a US port. See 19 CFR §149.1(a).

ISF Transaction Number – A unique identification number assigned by CBP once it has received and validated an ISF. This is often referred to as the “ISF UIN.”

ISF UIN – See ISF Transaction Number.

POA – Power of attorney.

STB – Single transaction bond.

T&E – Transportation and exportation; a type of bonded shipment where the cargo is not entered.

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