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**CUSTOMS ANNOUNCES THE BROKER SELF-ASSESSMENT
(BSA) PILOT PROGRAM**

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CBP is initiating a new initiative called the Broker Self-Assessment (BSA) Outreach Pilot (BSA Pilot). The BSA Pilot is a voluntary program and is intended to be a partnership between U.S. Customs and Border Protection (CBP) and participating customs brokers. The BSA Pilot will allow participating customs brokers to assess their own compliance with statutory and regulatory requirements and provide recognition and support to participating brokers. Under the program test, participating customs brokers will demonstrate their internal controls, perform periodic testing of internal controls, and disclose to CBP deficiencies discovered through testing. The BSA program will utilize many of the self-assessment principles of the ISA program. Like the ISA program, CBP believes that the BSA program will facilitate legitimate trade so that CBP can focus its efforts on higher-risk trade enforcement issues.

BSA Pilot Program Eligibility Requirements

Any licensed customs broker, who is a member of the Customs-Trade Partnership Against Terrorism (C-TPAT) and who meets the other eligibility requirements, may apply to participate in the BSA Pilot. CBP will assess the broker submissions to determine each applicant's readiness to assume the responsibilities of the BSA Pilot. In order to be eligible to participate in the BSA Pilot, a licensed customs broker must:

- Be a licensed customs broker for a minimum period of five years.
- Be a member with full benefits of the C-TPAT.
- Agree to comply with all applicable CBP laws and regulations.
- Work in an automated environment through the Automated Broker Interface and the Automated Commercial Environment.
- Possess a broker national permit.
- Have and maintain a system of business records that demonstrates the accuracy of CBP transactions.
- Have a self-testing plan or proposed self-testing plan.
- Complete a BSA Pilot Questionnaire and agree to:

- Continue to maintain and update its internal controls;
- Perform periodic testing of its internal control system based on risk;
- Make appropriate adjustments to the internal controls system with an eye toward improvement;
- Inform CBP, through certain voluntary disclosures permitted under the BSA Pilot, of deficiencies identified in periodic testing; and
- Maintain an audit trail linking financial records to entries filed with CBP.

Brokers may meet the requirements of the BSA Pilot by using internal resources or through the assistance of an objective third party.

If the applicant has sufficient and adequate internal controls, the broker may be accepted into the BSA Pilot. CBP has indicated that it will limit participation in the BSA Pilot to a small control group likely to consist of one large, one medium and two small brokers. CBP has informally acknowledged that the extensiveness of a broker's internal procedures may vary depending upon the size of the broker's operation.

Potential Benefits of the BSA Program

CBP intends to review the BSA Pilot within one year after its effective date to measure its achievements and recommend whether the BSA Pilot will become a permanent program. Upon evaluation of the BSA Pilot and its acceptance as a permanent program, the following advantages may be made available to program participants:

- Brokers are only subject to single-issue audits.
- Brokers may utilize BSA Voluntary Disclosure provisions to disclose violations of 19 U.S.C. § 1641 to CBP.
- CBP assistance with corrective action plans prior to penalty assessment or removal from CBP programs such as remote location filing (RLF).
- In the event that civil penalties are assessed against a broker by CBP, the broker's participation in BSA will be considered in the disposition of the case and program participation may be considered a further extraordinary mitigating factor for penalties assessed against the broker pursuant to 19 U.S.C. § 1641.
- Accelerated review and disposition of electronic drawback claims, reconciliation applications, and ruling requests.
- Facilitation in obtaining waivers of district broker permits pursuant to 19 CFR § 111.19(d)(2).
- Uniformity in CBP processing.
- Broker Evaluation & Analysis Report (BEAR) enhancements.
- Brokers will be assigned to an account manager.

Our office has worked closely with CBP on the development of the BSA Pilot and we are available to assist potential participants in connection with this matter.