

require licensees and permittees to notify ATF prior to the relocation of magazines. ATF has encountered recurring instances where industry members have relocated their explosives storage magazines to new locations. This has caused difficulty in administration of the regulations and has disclosed unsafe storage conditions in some instances where magazine relocations have been discovered. In the interest of public safety and the effective administration of the regulations, we believe that the notification provisions of this section should apply to the relocation of magazines.

Sections 55.105(g), 55.106(d), and 55.108(b) are being removed as they are redundant. The exemption provisions contained in section 55.141(b) make it clear that, except for the provisions pertaining to licensees, the requirements of part 55 do not apply to certain distributions of black powder under certain conditions. The sections noted above simply reiterate the applicable portions of section 55.141(b). With the removal of paragraph (b) in section 55.108, paragraphs (c) and (d) of that section are being redesignated as paragraphs (b) and (c), respectively.

#### *C. Subpart G—Records and Reports*

Section 55.121(a)(1) states that licensees and permittees must keep records pertaining to explosive materials in permanent form, *i.e.*, in commercial invoices or record books. This section is being amended to specify that records may be kept in computer format, provided certain conditions are met. Computer recordkeeping has become a common industry practice and we have approved numerous variances allowing this practice. Paragraph (b) of section 55.121 is being amended by adding the word “business” before “premises” in the first sentence to clarify that this subsection refers to “business premises” as defined in section 55.11.

Section 55.122(a), introductory text, is being amended to provide that the physical inventory required to be taken by licensed importers must consist of all the information specified in paragraph (b) of section 55.122, such as the manufacturer's marks of identification. This will facilitate the tracing of explosives that may be intended for criminal use. Paragraph (a)(4) is being amended to provide that all discrepancies disclosed between the physical inventory of explosive materials and the records required by part 55 must be reconciled in the importer's records by the close of the next business day. This will ensure that thefts and losses of explosives are more

quickly detected. Paragraph (c) of section 55.122 is being amended to add the term “use” to the recordkeeping requirements for licensed importers. This will require importers using explosive materials they import to keep records of such use. This is consistent with requirements that are being proposed for licensed manufacturers and dealers.

Section 55.123, which relates to records maintained by licensed manufacturers, is being amended by revising the introductory text of paragraph (a) to provide that the physical inventory required to be taken by licensed manufacturers consists of all the information specified in paragraph (b) of this section, such as the manufacturer's marks of identification. This will facilitate the tracing of explosives that may be intended for criminal use. Paragraph (a)(4) is being amended to provide that all discrepancies disclosed between the physical inventory of explosive materials and the records required by part 55 must be reconciled in the manufacturer's records by the close of the next business day. This will ensure that thefts and losses of explosives are more quickly detected. Paragraphs (b)(2) through (b)(4) are being redesignated as paragraphs (b)(3) through (b)(5), respectively. New paragraph (b)(2) provides that records of acquisition kept by manufacturers of explosive materials must contain the importer's or manufacturer's name or brand name when explosives are acquired other than by their own manufacture. This is consistent with the requirements for manufacturer's disposition records and with the required records of acquisition for importers, dealers, and permittees. Paragraph (c) is being amended to require manufacturers to record their use of explosive materials, regardless of the source. This will require manufacturers using explosive materials they manufacture to keep records of such use. Since paragraph (d) is no longer necessary, it is being removed and paragraphs (e) and (f) are being redesignated as paragraphs (d) and (e), respectively.

Section 55.124, regarding records maintained by licensed dealers, is being amended by providing in the introductory text of paragraph (a) that the physical inventory required to be taken by licensed dealers consists of all the information specified in paragraph (b) of this section, such as the manufacturer's marks of identification. This will facilitate the tracing of explosives that may be intended for criminal use. Paragraph (a)(4) is being amended to provide that all

discrepancies disclosed between the physical inventory of explosive materials and the records required by part 55 must be reconciled in the dealer's records by the close of the next business day. This will ensure that thefts and losses of explosives are more quickly detected. Paragraph (c)(1) is being amended to require licensed dealers to record their use of explosive materials. This will require dealers using explosive materials that they are not distributing to other persons to keep records of such use.

Section 55.125(a), introductory text, is being amended to provide that the physical inventory required to be taken by permittees consists of all the information specified in paragraph (b) of section 55.125, such as the manufacturer's marks of identification. This will facilitate the tracing of explosives that may be intended for criminal use. Paragraph (a)(4) is being amended to provide that all discrepancies disclosed between the physical inventory of explosive materials and the records required by part 55 must be reconciled in the permittee's records by the close of the next business day. This will ensure that thefts and losses of explosives are more quickly detected.

Section 55.126(b) is being amended to require licensees and permittees to verify the identity of nonlicensees and nonpermittees purchasing explosive materials. Under the current regulations, ATF Form 5400.4 must be executed by the buyer for purchases of explosive materials. A Federal explosives licensee or permittee who purchases explosive materials is not required to complete Form 5400.4. Before explosive materials are distributed to nonlicensees or nonpermittees, Form 5400.4 provides that the licensee or permittee must verify the identity of the buyer (distributee), either by acknowledging on the form that the buyer is known to the licensee or permittee or by obtaining from the buyer proof of identification (*e.g.*, a driver's license). ATF believes that the phrase “is known to me,” as it currently appears on Form 5400.4, is ambiguous and lends itself to confusion and misinterpretation. We believe that it is in the best interests of public safety and our enforcement efforts to require that all nonlicensed/nonpermitted purchasers provide proof of identification prior to the distribution of explosive materials. Accordingly, we are amending section 55.126(b) to require that licensees and permittees obtain proof of identification from all nonlicensees or nonpermittees purchasing explosive materials. This requirement is consistent with respect