

LETTER OF AUGUST 22, 1955

[PURSUANT TO PROCLAMATION CARRYING OUT PROTOCOL OF TERMS OF ACCESSION BY JAPAN TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND FOR OTHER PURPOSES]

MEMORANDUM FOR THE SECRETARY OF THE TREASURY

Denver, Colorado, August 22, 1955.

Reference is made to my proclamation of July 22, 1955,¹ carrying out the Protocol of Terms of Accession by Japan to the General Agreement on Tariffs and Trade and for other purposes.

Pursuant to the procedure described in Part I (b) (1) of that Proclamation, I hereby notify you that all items in Part I of Schedule XX to the Protocol for the

accession of Japan, with the exception of the items specified below, shall not be withheld pursuant to paragraph 4 of said Protocol on and after September 10, 1955. The items which shall continue to be withheld until further notice are as follows:

Item designation:

- 38.
- 301 [identified only as to the matter related to the rate of 56¼¢ per ton].
- 717 (c).
- 720 (a) (2).
- 1409 [second].
- 1531 [first].
- 1531 [second].
- 1536 [first].

DWIGHT D. EISENHOWER

[F. R. Doc. 55-6949; Filed, Aug. 23, 1955; 4:35 p. m.]

RULES AND REGULATIONS

TITLE 7—AGRICULTURE

Chapter VIII—Commodity Stabilization Service (Sugar), Department of Agriculture

Subchapter G—Determination of Proportionate Shares

[Sugar Determination 850.8, Supp. 10]

PART 850—DOMESTIC BEET SUGAR PRODUCING AREA

COLORADO PROPORTIONATE SHARE AREAS AND FARM PROPORTIONATE SHARES FOR 1955 CROP

Correction

In F. R. Document 55-6752, appearing in the issue for Friday, August 19, 1955, at page 6044, the bracket at the beginning of the document should read as set forth above.

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[Peach Order 1]

PART 940—PEACHES GROWN IN THE COUNTY OF MESA IN COLORADO

REGULATION BY GRADES AND SIZES

§ 940.307 *Peach Order 1*—(a) *Findings*. (1) Pursuant to the amended marketing agreement and Order No. 40, as amended (7 CFR Part 940), regulating the handling of peaches grown in the County of Mesa in the State of Colorado, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and upon the basis of the recommendations of the Administrative Committee, established under the aforesaid amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of such peaches, as hereinafter provided, will tend to effectuate the declared policy of the act.

¹ Proc. 3105, 20 F. R. 5379.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) in that, as hereinafter set forth, the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective not later than August 26, 1955. A reasonable determination as to the supply of, and the demand for, such peaches must await the development of the crop and adequate information thereon was not available to the Administrative Committee until July 28, 1955; recommendations as to the need for, and the extent of, regulation of shipments of such peaches were made by said committee on July 28, 1955, and on August 18, 1955, after consideration of all information then available relative to the supply and demand conditions for such peaches, at which times the recommendations and supporting information were submitted to the Department, and made available to growers and handlers; necessary supplemental information was not available to the Department until August 22, 1955; shipments of the current crop of such peaches are expected to begin on or about August 26, 1955, and this section should be applicable to all shipments of such peaches in order to effectuate the declared policy of the act; and compliance with this section will not require of handlers any preparation therefor which cannot be completed by the effective time hereof.

(b) *Order*. (1) During the period beginning at 12:01 a. m., m. s. t., August 26, 1955, and ending at 12:01 a. m.,

m. s. t., August 29, 1955, no handler shall ship:

(i) Any peaches which do not grade at least U. S. No. 1, or

(ii) Any peaches which are of a size smaller than 2 inches in diameter: *Provided*, That any lot of peaches shall be deemed to be of a size not smaller than 2 inches in diameter (a) if not more than 10 percent, by count, of the peaches in such lot are smaller than 2 inches in diameter; or (b) if not more than 15 percent, by count, of the peaches contained in any individual container in such lot are smaller than 2 inches in diameter.

(2) During the period beginning at 12:01 a. m., M. s. t., August 29, 1955, and ending at 12:01 a. m., M. s. t., November 1, 1955, no handler shall ship:

(i) Any peaches which do not grade at least U. S. No. 1, or

(ii) Any peaches which are of a size smaller than 2½ inches in diameter: *Provided*, That any lot of peaches shall be deemed to be of a size not smaller than 2½ inches in diameter (a) if not more than 10 percent, by count, of the peaches in such lot are smaller than 2½ inches in diameter; or (b) if not more than 15 percent, by count, of the peaches contained in any individual container in such lot are smaller than 2½ inches in diameter.

(3) *Definitions*. As used in this section, "peaches," "handler," and "ship" shall have the same meaning as when used in the aforesaid amended marketing agreement and order; "U. S. No. 1," "diameter," and "count" shall have the same meaning as when used in the United States Standards for Peaches, as recodified (§§ 51.1210 to 51.1223 of this title; 18 F. R. 7116).

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c)

Dated: August 22, 1955.

[SEAL]

S. R. SMITH,
Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.

[F. R. Doc. 55-6906; Filed, Aug. 24, 1955; 8:51 a. m.]

TITLE 43—PUBLIC LANDS: INTERIOR

Chapter I—Bureau of Land Management, Department of the Interior

[Circular 1922]

PART 259—DISPOSAL OF MATERIALS

SALES

1. Section 259.10 (a) is amended to read as follows:

§ 259.10 *Contracts*. (a) The Bureau of Land Management shall prepare contracts on Form 4-054 for sales over \$1,000 and on Form 4-058 or 4-058a for sales of \$1,000 or less. Contracts for the disposal of all of a single type of non-vegetative material as authorized by § 259.4 (e) shall be prepared on Form 4-1164 and shall be signed on behalf of the United States by the authorized officer.

2. Section 259.11 is amended to read as follows:

§ 259.11 *Performance bonds.* A bond of not less than 15 percent of the contract price will be required for contracts in excess of \$2,000. While for contracts of less than \$2,000 in lieu of a surety bond the initial deposit may be retained as a cash bond until the contract is terminated. In any sale the authorized officer may require a bond in excess of that amount. The bond may be that of a corporate surety shown on an approved list issued by the Treasury Department, or a cash bond.

(Sec. 1, 61 Stat. 681; 43 U. S. C. 1185)

CLARENCE A. DAVIS,
Acting Secretary of the Interior.

AUGUST 19, 1955.

[F. R. Doc. 55-6884; Filed, Aug. 24, 1955;
8:47 a. m.]

Appendix C—Public Land Orders

[Public Land Order 1208]

[Misc. 1942667]

NEVADA

REVOKING EXECUTIVE ORDERS NO. 8636 OF JANUARY 14, 1941, NO. 9020 OF JANUARY 12, 1942, AND PUBLIC LAND ORDER NO. 87 OF FEBRUARY 3, 1943

By virtue of the authority vested in the President and pursuant to Executive Order No. 10355 of May 26, 1952, it is ordered as follows:

1. Executive Order No. 8636 of January 14, 1941, withdrawing the following-described public lands for use of the War Department for military purposes as an aviation base is hereby revoked:

MOUNT DIABLO MERIDIAN

T. 2 N., R. 43 E.,
Sec. 1;
Sec. 12, E $\frac{1}{2}$.
T. 3 N., R. 43 E.,
Sec. 36.
T. 2 N., R. 44 E.,
Sec. 5;
Sec. 6, lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$;
Sec. 7, lots 2, 3, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$,
E $\frac{1}{2}$;
Sec. 8.
T. 3 N., R. 44 E.,
Secs. 19, 20, 29, 30;
Sec. 31, lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$;
Sec. 32.

The areas described aggregate 7,338.23 acres.

2. Executive Order No. 9020 of January 12, 1942, transferring control of an airport on the following-described lands near Tonopah, Nevada to the War Department, is hereby revoked:

MOUNT DIABLO MERIDIAN

T. 2 N., R. 44 E.,
Sec. 6, lots 3, 4, 5, 6, 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$;
Sec. 7, lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$.
T. 3 N., R. 44 E.,
Sec. 31, lots 2, 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$.

The areas described aggregate 617.87 acres.

3. Public Land Order No. 87 of February 3, 1943, withdrawing the following-

described public lands for use of the War Department as a safety zone for rifle ranges, is hereby revoked:

MOUNT DIABLO MERIDIAN

T. 3 N., R. 44 E.,
Secs. 3, 4, 5, 8, 9, 10, 16, 17 and 21.

The areas described aggregate 5,763.72 acres.

4. Of the lands described in paragraphs 1, 2 and 3 above, approximately 4,118 acres have been disposed of pursuant to Section 13 (d) of the Surplus Property Act of 1944 as amended. The lands restored to application under the public-land laws by this order are described as follows:

MOUNT DIABLO MERIDIAN

T. 2 N., R. 43 E.,
Sec. 12, SE $\frac{1}{4}$.
T. 3 N., R. 43 E.,
Sec. 36 (that portion lying north of U. S. Highway #6).
T. 2 N., R. 44 E.,
Sec. 7, S $\frac{1}{2}$.
T. 3 N., R. 44 E.,
Secs. 3, 4, 5, 8, 9, 10, 16, 17;
Sec. 19, S $\frac{1}{2}$;
Secs. 20, 21, 29, 30;
Sec. 31 (that portion lying north of U. S. Highway #6)
Sec. 32.

The areas described aggregate approximately 9,622 acres.

The lands are seasonal grazing lands located 6 to 11 miles east and northeast of Tonopah, Nevada. Most of them are accessible by unimproved roads. The topography is flat valley floor to gently sloping alluvial fans. The soil is sandy to gravelly, and vegetation consists of shadscale and a sparse cover of annual species in favorable seasons. They contain no water, minerals or timber.

No application for the restored lands may be allowed under the homestead, desert-land, small tract, or any other nonmineral public-land law unless the lands have already been classified as valuable or suitable for such type of application, or shall be so classified upon the consideration of an application. Any application that is filed will be considered on its merits. The lands will not be subject to occupancy or disposition until they have been classified.

This order shall not otherwise become effective to change the status of the restored lands until 10:00 a. m. on the 35th day after the date of this order. At that time the said lands shall become subject to application, petition and selection, subject to valid existing rights, the provisions of existing withdrawals, the requirements of applicable laws, and the 91-day preference-right filing period for veterans and others entitled to preference under the act of September 27, 1944 (58 Stat. 747; 43 U. S. C. 279-284), as amended.

Veterans' preference-right application under the said act of September 27, 1944, may be received on or before 10:00 a. m. on the 35th day after the date of this order, and those covering the same lands shall be treated as though simultaneously filed at that time. Applications filed under the act after that time and during the succeeding 91 days shall be considered in the order of filing. Appli-

cations by the general public under the public-land laws, including the mineral-leasing laws, received on or before 10:00 a. m. on the 126th day after the date of this order shall be treated as though simultaneously filed at that time, where the applications are for the same lands; otherwise, priority of filing shall govern.

Inquiries concerning the lands shall be addressed to the Manager, Land Office, Bureau of Land Management, Reno, Nevada.

ORME LEWIS,
Assistant Secretary of the Interior.

AUGUST 19, 1955.

[F. R. Doc. 55-6883; Filed, Aug. 24, 1955;
8:46 a. m.]

TITLE 14—CIVIL AVIATION

Chapter I—Civil Aeronautics Board

Subchapter A—Civil Air Regulations

[Supp. 18]

PART 40—SCHEDULED INTERSTATE AIR CARRIER CERTIFICATION AND OPERATION RULES

OPERATION BEYOND A SCHEDULED TERMINAL

This supplement outlines circumstances when incorporation of procedures for continued operation beyond a scheduled terminal may be authorized in the air carrier's manual.

The following policy is hereby adopted:

§ 40.391-1 *Circumstances when incorporation of procedures may be authorized in the air carrier's manual for continued operation beyond a scheduled terminal (CAA policies which apply to § 40.391 (b)).* Authority to incorporate procedures in the air carrier manual for the continuation of flight beyond a scheduled terminal with an airplane which has inoperative required equipment¹ will be given to an air carrier when the air carrier shows that:

(a) Such procedures specify the required equipment that may be inoperative and the particular circumstances and conditions under which the airplane may continue in air transportation beyond a scheduled terminal without adversely affecting the safety of the flight; and

(b) Such procedures specify the place to which the flight may be continued and the inoperative required equipment will be repaired or replaced in lieu of the terminal stop: *Provided*, That the airplane may not continue flight beyond a place at which it is normally scheduled for the accomplishment of the next daily service or inspection by the air carrier.

(Sec. 205, 52 Stat. 984, 49 U. S. C. 425. Interprets or applies secs. 601, 605, 52 Stat. 1007, 1010, as amended; 49 U. S. C. 551, 555)

This supplement shall become effective September 15, 1955.

[SEAL] F. B. LEE,
Administrator of Civil Aeronautics.

[F. R. Doc. 55-6904; Filed, Aug. 24, 1955;
8:51 a. m.]

¹ Required equipment is that equipment which is specified in § 40.170.

TITLE 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

Subchapter E—Security

PART 66—INDUSTRIAL SECURITY MANUAL FOR SAFEGUARDING CLASSIFIED INFORMATION

Part 66 is revised to read as follows:

Subpart A—General

- Sec.
66.1 Scope.
66.2 Applicable Federal statutes and Executive orders.
66.3 Definitions.
66.4 Designation of security office.
66.5 Special requirements for graphic arts.
66.6 General requirements.
66.7 Reports.

Subpart B—Handling of Classified Information

- 66.8 Marking.
66.9 Receiving and recording.
66.10 Accounting.
66.11 Storage.
66.12 Safeguards during use.
66.13 Transmission.
66.14 Reproduction.
66.15 Destruction.

Subpart C—Access

- 66.16 General.
66.17 Precontract negotiations.
66.18 After award of contract.
66.19 Preemployment applications not authorized.
66.20 Application for clearance.
66.21 Contractor's clearance record.
66.22 Employment of aliens.

Subpart D—Control of Areas

- 66.23 Area designations.
66.24 Area controls.
66.25 Supplemental control systems.

Subpart E—Visitor Control Procedures

- 66.26 General rules.
66.27 Nonvisitor categories.
66.28 Notification to contractors regarding nonvisitor category visits.
66.29 Visitor category.
66.30 Procedures for obtaining approval for visit.
66.31 Visit requests.
66.32 Identification and control of visitors.
66.33 "Restricted data".

Subpart F—Subcontractors, Vendors, and Suppliers

- 66.34 Determination of clearance status.
66.35 Notification of selection.
66.36 Approval of subcontractors' security controls.
66.37 Action by subcontractor.
66.38 Return of classified information.
66.39 Application to subcontractors.
66.40 Application to sub-subcontractors.
66.41 Consultants.

Subpart G—Multiple-Facility Organizations

- 66.42 Application of part.

Subpart H—Cryptographic Information

- 66.43 Application of part.

Subpart I—Graphic Arts

- 66.44 Production control records.
66.45 Area controls, additional requirements.
66.46 Special conditions.
66.47 Destruction, special requirements.
66.48 Mailing lists.

AUTHORITY: §§ 66.1 to 66.48 issued under R. S. 161; 5 U. S. C. 22.

SUBPART A—GENERAL

§ 66.1 *Scope.* This part supersedes the Department of Defense Industrial Security Manual for Safeguarding Classified Information dated 19 January 1954 and establishes the requirements for the safeguarding of classified information in the hands of Department of Defense contractors and their subcontractors, vendors, or suppliers. The requirements of this part reflect the provisions of applicable Federal statutes and Executive orders.

§ 66.2 *Applicable Federal statutes and Executive orders.* (a) Espionage Acts, Title 18 USC, Sections 793, 794, 795, 797, 798.

(b) Sabotage Acts, Title 18, USC, Sections 2151 through 2156.

(c) Air Corps Act of 1926, Title 10, USC, Section 310 (j).

(d) Title 50, USC, Sections 781 through 826 (inclusive).

(e) National Security Act of 1947, as amended.

(f) Armed Services Procurement Act of 1947, 41 USC, 151 through 161.

(g) Atomic Energy Act of 1954, Public Law 703, 83d Congress.

(h) Executive Order 10104, 1 February 1951.

(i) Executive Order 10501, 5 November 1953.

§ 66.3 *Definitions.* The following definitions are established for the purpose of this part:

(a) *Access, accessibility.* The ability or opportunity to obtain knowledge of classified information. An individual does not have access to classified information merely by being in a place where such information is kept, provided the security measures which are in effect prevent him from gaining knowledge of such classified information.

(b) *Alien.* Any person not a citizen or national of the United States. (See Immigrant Alien, paragraph (n) of this section.)

(c) *Authorized persons.* Those persons cited in Subpart C of this part who (1) have a "need to know" the classified information involved, and (2) have been cleared, by Government or contractor, as appropriate, for the receipt of such information. (See paragraph (r) of this section, "Need to Know.")

(d) *Bound documents.* Books or pamphlets, the pages of which are permanently and securely fastened together in such a manner that one or more pages cannot be extracted from the bound copy without defacement or alteration of the book or pamphlet.

(e) *Classified contract.* Any contract that requires access to classified information by the contractor or his employees in the performance of the contract. (This is not limited to the contract document.)

(f) *Classified information.* Official information which requires protection in the interest of National defense.

(g) *Compromise.* A loss of security due to an unauthorized person obtaining knowledge of classified information.

(h) *"Confidential" information.* All defense information and material, the unauthorized disclosure of which could

be prejudicial to the defense interests of the Nation.

(i) *"Confidential—Modified Handling Authorized."* "Confidential" information and material, so designated, and for which less stringent standards are prescribed with respect to transmission and safekeeping and which will be adequately protected by these less stringent standards. (Clearance requirements are the same as for "Confidential".)

(j) *Contracting officer.* Any officer or civilian employee of any Military Department, who, in accordance with procedures prescribed by each respective Department, has been, or will be, designated a contracting officer (and whose designation has not been terminated or revoked) with the authority to enter into and administer contracts and make determinations and findings with respect thereto.

(k) *Contractor.* Any industrial, educational, commercial, or other entity which has executed a contract or a Department of Defense security agreement (DD Form 441) with a Department of Defense agency or activity.

(l) *Foreign nationals.* For the purpose of this part, Foreign nationals are—

(1) All persons not citizens of, or immigrant aliens to, the United States.

(2) All citizens of the United States and immigrant aliens, who are acting as representatives, officials, or employees of a foreign government, firm, corporation, or individual.

(m) *Graphic arts industry.* Including all types of facilities and individuals engaged in performing any consultation, service, or the production of any component or end product which contributes to, or results in, the reproduction of classified information. Regardless of trade names or specialized processes, it will include writing, illustrating, advertising services, copy preparation, all methods of printing, finishing services, duplicating, photo-copying, and film processing activities.

(n) *Immigrant alien.* Any person lawfully admitted into the United States under an immigration visa for permanent residence.

(o) *Information.* Knowledge which can be communicated, either orally, visually, or by means of material.

(p) *Key employee.* Any employee, as differentiated from owners, directors, or officers, of a facility who requires access to classified information for the purpose of negotiating or preparing a bid or quotation.

(q) *Material.* Any document, product or substance on, or in which, information may be recorded or embodied. Material shall include everything, regardless of its physical character or makeup. Information which is transmitted orally shall be considered as material for purposes of security. Machinery, documents, apparatus, devices, models, photographs, recordings, reproductions, notes, sketches, maps, and letters, as well as all other products, substances or materiel, shall fall within the general term of material.

(r) *"Need to know."* The requirement that knowledge or possession of classified defense information shall be per-

mitted only to persons whose employment requires such access in the interests of promoting National defense.

(s) *"Restricted Data."* All information designated as being *"Restricted Data"* within the meaning of Public Law 703, 83d Congress (Atomic Energy Act of 1954), including all documents and other material of such designation which bear the following markings in addition to their security classification markings: *"Restricted Data—Atomic Energy Act of 1954."* (Includes that previously marked, *"Restricted Data—Atomic Energy Act of 1946."*)

(t) *Secret information.* All defense information and material, the unauthorized disclosure of which could result in serious damage to the Nation.

(u) *Security.* Refers to the safeguarding of information classified *"Top Secret," "Secret,"* or *"Confidential"* (including *"Confidential—Modified Handling Authorized"*) against unlawful dissemination, duplication, or observation.

(v) *Security cognizance.* The responsibility for the implementation of the Department of Defense industrial security program for an individual facility which the Assistant Secretary of Defense (Manpower and Personnel) has assigned to one Military Department for that purpose.

(w) *Security office.* Any command, office, unit, agency, or person within a Military Department, designated by that Military Department to discharge the Department of Defense responsibilities for industrial security matters at a facility.

(x) *Top Secret information.* All defense information and material, the defense aspect of which is paramount, and the unauthorized disclosure of which could result in exceptionally grave damage to the Nation.

(y) *Unauthorized person.* Any person not authorized to have access to specific classified information in accordance with the provisions of this part.

§ 66.4 *Designation of security office.* The Department of Defense will assign security cognizance of a specific facility to a Military Department, which in turn shall designate the security office responsible for insuring that all Department of Defense classified information in the custody of the facility is properly safeguarded. The security office will coordinate all industrial security matters of concern to the contractor and to activities of the Military Departments. The management of each facility which has been assigned to one of the Military Departments for security cognizance will be notified in writing of this action by the Department receiving the assignment at such time as the industrial security program is initiated for the facility. The foregoing does not relieve the contracting Military Department of its responsibility for the security of classified information incident to its classified contracts, nor does it affect in any way the responsibility for inspection of contracts administered by the contracting Military Department. Actions taken to meet the security responsibility of the contracting Military Department at a particular facility will be coordinated

with the security office of the cognizant Military Department.

§ 66.5 *Special requirements for graphic arts.* Subpart I of this part provides specific security measures for the safeguarding of classified information during the development, performance of service or production of material by the graphic arts industry. The security measures apply whether the work is performed on the premises of the prime contractor or at a graphic art facility which is a subcontractor. The provisions contained in Subpart I supplement the provisions of Subparts A through H of this part.

§ 66.6 *General requirements.* The contractor—

(a) Shall be responsible for safeguarding all classified information under his control, shall determine which of his employees or subcontractors, vendors, or suppliers require possession of, or access to, any element of the information, and shall not supply or disclose such information to any unauthorized person. Where applicable, a control system, including the use of employee identification badges or cards, shall be placed in effect to restrict the movement of employees between the various departments within the facility.

(b) Shall provide suitable protective measures within his facility for the safeguarding of classified information.

(c) Shall exclude from any part of his plants, facilities, or sites at which classified work for any Military Department is being performed, any person or persons whom the Secretary of the Military Department concerned or his duly authorized representative, in the interest of security, may designate in writing. Exclusion does not mean that the affected employee should necessarily be dismissed or be denied employment in another part of the plant, facility, or site. This should be resolved consistent with normal employer-employee relationships.

(d) Shall bring to the attention of his personnel engaged in the preparation of bids, quotations, or in the performance of work on contracts which involve access to classified information, their continuing individual responsibilities for safeguarding classified information, and that the unauthorized disclosure of classified information violates Department of Defense regulations and contractual obligations and is punishable under the provisions of Federal statutes.

(e) Shall bring to the attention of every employee whose employment is terminated and who has had access to classified information during the period of his employment that disclosure to unauthorized persons of such classified information is prohibited by Department of Defense regulations and contractual obligations and is punishable under the provisions of Federal statutes.

(f) Shall not incorporate any special features of design or construction in any nonmilitary project or in any military project other than that for which they are furnished or designed if such incorporation would disclose classified information unless prior written authorization of the contracting officer concerned has been obtained.

(g) Shall insure that the combinations of safes and dial-type padlocks used to lock containers holding classified material are classified by the contractor in accordance with the classification of the highest classified material stored in the containers. The combinations shall be changed at intervals of at least once every year and at the earliest practicable time following:

(1) The relief, transfer, or discharge of any person having knowledge of the combination.

(2) The compromise or suspected compromise of the container through loss or possible compromise of the combination.

(3) The initial receipt of locked containers.

(h) Shall perform security checks within the facility to insure that at all times security precautions are taken to protect classified information in the possession of the facility and shall designate an individual or individuals to make checks, on a room or area basis, to insure that all classified material has been properly and safely stored.

(i) Shall execute and return the receipt form furnished with all information received from the Government classified *"Top Secret"* and *"Secret."* If *"Top Secret"* or *"Secret"* information is received without a receipt form attached, the sender shall be informed immediately by the contractor. In those special cases where the sender deems it necessary, a receipt form shall be included with *"Confidential"* information (including *"Confidential—Modified Handling Authorized"*), in which case the receiver of the classified information shall execute the receipt. Similarly, a subcontractor, vendor or supplier shall receipt for all information received from the contractor classified *"Top Secret"* and *"Secret,"* and in addition, he shall receipt for *"Confidential"* information (including *"Confidential—Modified Handling Authorized"*) in those special cases where the sender deems it necessary.

(j) Shall return to the contracting officer or his duly authorized field representative all classified information furnished by the Government, including all reproductions thereof, and shall surrender all classified information or material developed by the contractor on the basis of information furnished by the Government, unless the information has been destroyed in accordance with § 66.15, or the retention of the information is authorized under the provisions of paragraph (l) of this section. Such information shall be returned or surrendered:

(1) On or before the date for opening of bids when a bid is not submitted.

(2) Within 15 days after notification that a bid or negotiation proposal has not been accepted.

(3) At such other times as the contracting officer concerned or his duly authorized representative may direct or agree.

(k) Shall tender all classified information in his possession to the Military Department concerned, which shall provide disposition instructions to the contractor, in the event that the Depart-

ment of Defense Security Agreement (DD Form 441) is terminated for any reason by either party and is not superseded by a new Security Agreement.

(l) In those special cases in which retention of certain classified information is necessary for the maintenance of essential records of the contractor, and when so specifically requested, with justification therefor, the contracting officer concerned may authorize its retention by the contractor.

(m) May permit the review of the organization's personnel records pertaining to an individual for whom the contractor has requested a personnel security clearance, when requested by the security office of the cognizant Military Department. Failure on the part of the contractor to permit such review will delay the granting of interim security clearances.

(n) Will not release for public dissemination information pertaining to classified contracts or projects except after clearance by the Office of Security Review, Office of the Secretary of Defense, Department of Defense, in order to preclude the release of information which can be developed into vital intelligence or that is of strategic importance to an enemy of the United States. Information previously authorized or cleared by the Government for release may be released to the public without further approval. Information developed subsequent to the initial release shall be cleared by the Office of Security Review prior to release.

(o) Shall not convey orally, visually, or by written communications classified information at conferences, seminars, symposia, or gatherings which are conducted by, or attended by, persons or representatives of organizations outside the Department of Defense without prior specific authorization of the contracting officer or his duly authorized field representative.

§ 66.7 Reports. The contractor shall submit immediately to the security office of the cognizant Military Department—

(a) A Confidential report of any information coming to his attention concerning existing or threatened espionage, sabotage, or subversive activities at any of his plants, factories, laboratories, or other sites, at which work for any Military Department is being performed or at which material in connection therewith is acquired, fabricated, manufactured, is in process of research, is being developed, or stored.

Note: This requirement of the Department of Defense is not intended to preclude similar reporting of these incidents to appropriate law enforcement agencies such as the Federal Bureau of Investigation.

(b) A Confidential report of any compromise of classified information.

(c) A Confidential report of any information coming to his attention concerning any of his employees having access, or who are in the process of being cleared for access, to classified information which indicates that such access is not, or would not be, clearly consistent with the interest of National defense.

(d) A report of any change of ownership, officers, directors, or personnel occupying managerial positions (such as

general or plant manager); operating name, or address of the facility (or facilities) covered by the Security Agreement, during the period the Security Agreement is in effect, except that the provisions of this section shall not be construed as requiring a report of stock transfers that do not affect the control of the corporation.

(e) When requested by the security office of the cognizant Military Department in writing, and stated to be needed in connection with an official investigation being conducted by an agency within the Department of Defense, information available to the contractor concerning any of his employees working in any of his plants, factories, or sites at which work for a Military Department is being performed.

(f) A report of any change in the location of Closed or Restricted Areas as established under the provisions of Subpart D of this part, during the period of performance on a classified contract.

(g) A report of those persons whose employment is terminated between the time the Government is requested to clear an individual and the Government's decision is received.

SUBPART B—HANDLING OF CLASSIFIED INFORMATION

NOTE: The classification of defense information shall be determined by the Government, and the contractor shall be notified of such security classification. (A Security Requirements Check List (DD Form 254 and Appendix to Security Requirements Check List DD Form 254-1) shall be furnished by the contracting officer concerned prior to or concurrent with, the award of the contract.) When the contractor has been notified of the classification, he shall safeguard the information and all material developed therefrom by clearly indicating thereon the applicable classification marking and by maintaining the security controls as established in this part.

§ 66.8 Marking—(a) Initial marking. After determination of the classification to be assigned thereto, classified information shall be plainly and conspicuously marked or stamped (not typed) in accordance with the procedures set forth in this section.

(1) **Bound documents.** Classified books or pamphlets, the pages of which are permanently and securely bound together so that the pages thereof cannot be removed without damage or mutilation, shall be marked with the classification assigned to the document at the top and bottom on the outside of the front cover and back cover, title, first and last pages and all printed, typed, or written pages which contain classified information, including the reverse side, if used.

(2) **Correspondence and unbound documents.** Correspondence and other documentary material not permanently and securely bound together, except as otherwise indicated in subparagraphs (4) and (5) of this paragraph, shall be marked with the appropriate classification at the top and bottom of each page which contains classified information, including the cover page, if used. The markings shall be placed so that it will

not be hidden from view when the pages are clipped or stapled together.

(3) **Letters of transmittal.** A letter transmitting defense information shall be marked with a classification at least as high as its highest classified inclosure. Letters of Transmittal, when appropriate, shall indicate that upon removal of classified inclosures such letters will be downgraded or declassified.

(4) **Art work.** Original art work shall have the security classification stamped or marked conspicuously in top and bottom margins of the mounting board and on all overlays and cover sheets.

(5) **Charts, maps, drawings, and tracings.** The assigned defense classification shall be affixed under the legend, title block, or scale in such manner that it will be reproduced on all copies made therefrom. Such classification also shall be marked at the top and bottom in each instance.

(6) **Photographs, films and microfilms.** Classified photographs and films and their containers shall be conspicuously marked with the assigned defense classification. Continuous cover aerial reconnaissance mapping negatives, microfilm in roll form, and motion picture film shall be marked with the appropriate classification at the beginning and ending of each roll. These and other classified negatives which do not lend themselves to marking shall be handled on a classified basis and shall be kept in containers, properly secured, which shall bear the classification marking to which the contents are entitled. In addition, motion picture film shall state in the title the classification thereof.

(7) **Sound recordings.** Classified sound recordings shall be marked with the appropriate classification if practicable; however, such recordings which do not lend themselves to marking shall be handled on a classified basis and shall be kept in containers, properly secured, which shall bear the classification markings to which the contents are entitled.

(8) **Composition tapes and other recordings.** All composition tapes and other recordings shall have the security classification stamped at the beginning and ending of each roll. Rolls will be kept in containers, properly secured, which shall bear the classification marking to which the contents are entitled.

(9) **Materiel.** Items of classified materiel shall be properly marked to indicate the defense classification, whenever practicable. Classified materiel which does not lend itself to marking shall have securely affixed or attached a tag, sticker, or similar device bearing the appropriate defense classification markings.

(b) **Additional marking—(1) Classified material.** Documents containing classified defense information furnished authorized persons other than those of, or in the employ of, agencies of the Department of Defense, in addition to being marked "Top Secret", "Secret", or "Confidential" (including "Confidential—Modified Handling Authorized"), shall bear a notation substantially as follows:

This document contains information affecting the national defense of the United States, within the meaning of the Espionage

Laws, Title 18, U. S. C., sections 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

When classified items of materiel or material which do not lend themselves to marking are furnished to such persons, they shall be specifically notified in writing of such notation.

(2) *"Restricted Data."* In addition to the markings prescribed in subparagraph (1) of this paragraph, "Restricted Data" will be marked in capital letters, "Restricted Data—Atomic Energy Act 1954," not less than 1/4 inch in height.

(c) *Marking of regraded documents and material.* (1) *Classification markings.* Regraded documents and material shall be marked or stamped (not typed) with the new appropriate classification in the same manner as the original classified documents or material, and the old markings shall be lined through, except for bound documents, which if downgraded, will be regraded only on the front and back cover, and title, first and last pages. If the classification is canceled, the markings shall be lined through, except for bound documents which will require the cancellation markings only on the front and back cover and title, first, and last pages. In cases where recipients have been notified in writing of the classification of items, they will be notified of regrading action in the same manner. Prints of motion picture film shall show regrading action on leaders attached between the plain leader and the first title frame. Material such as plates, negatives, standing type, proofs, etc., will have a statement attached thereto showing the regrading but which will in no way alter the reproducibility of the material.

(2) *Copies of regraded documents.* The contractor shall promptly mark copies of regraded documents, as appropriate, to include the authority cited, upon receipt of regrading notices, except as authorized in subparagraph (3) of this paragraph.

(3) *Bulk files.* When a document has been regraded, bulk files or supplies thereof need not be marked as provided in subparagraph (2) of this paragraph, until copies are charged out for use. The change or cancellation of defense classification shall be indicated inside the file drawer or other storage container.

§ 66.9 *Receiving and recording.* All classified information shall be received and recorded at a master control station established at the contractor's facility. A register shall be maintained at the control station of the receipt and dispatch of all classified information. A record shall also be made of the number of copies of classified information reproduced by the contractor. The supervision of the master control station shall be vested in responsible employees designated by the contractor and cleared to receive the classified information. Containers shall be carefully inspected and any evidence of tampering shall be reported promptly to the dispatching activity. Upon opening the inner container, the receipt found therein (when furnished) shall be dated, signed, and returned to the sender. Any discrepancy

between the receipt and the contents shall be reported at once to the dispatching activity. The inner container shall be destroyed by burning or pulping if the subject matter has been in contact therewith, unless its retention is necessary as evidence of tampering.

§ 66.10 *Accounting.*—(a) *General.* The contractor shall maintain an inventory and, when so directed, submit to the security office of the cognizant Military Department an accounting of all defense material classified "Top Secret" or "Secret." Records will be maintained in file for one year following transfer or destruction of the documents. For defense material classified "Confidential" including "Confidential—Modified Handling Authorized", the contractor is required to maintain a record of the receipt and reproduction as required by § 66.9. This record is subject to inspection by the security office of the cognizant Military Department.

(b) *Additional requirements for "Top Secret."* (1) It is mandatory that all persons who have knowledge of "Top Secret" information be identifiable at all times. The contractor will maintain a record by document, title, name, and date, of all individuals, including stenographic, clerical, technical, and production personnel who are afforded access to "Top Secret" information.

(2) The number of persons with access to "Top Secret" information shall be kept to an absolute minimum, and each person shall be individually warned against disclosing such matters to persons whose duties do not require knowledge thereof.

(3) The dissemination of "Top Secret" information shall be effected by direct contact whenever practicable, without transmittal of documents.

(4) It is mandatory that transmittal and custody of "Top Secret" information be covered by a receipt system, both within and without the plant.

(5) Each copy of a "Top Secret" document shall be numbered in series. Distribution records and receipts shall show the copy number of each document transmitted.

(6) The designated employee in the master control station shall open and make initial delivery of "Top Secret" material to the individuals who must see and work on the material.

§ 66.11 *Storage.*—(a) *Containers.* The contractor will not be eligible to receive classified information in connection with precontract negotiations, submission of bids, etc., or for the award of a contract and performance thereunder until he has adequate storage at a cleared facility as described in this paragraph.

(1) *"Top Secret."* "Top Secret" information while not in use will be stored in a safe or a safe-type steel file container having a three-position dial-type combination lock and being of such weight, size, construction, or installation as to minimize the possibility of surreptitious entry, physical theft, damage by fire, or tampering.

(2) *"Secret" or "Confidential."* "Secret" or "Confidential" information

while not in use shall be stored in one of the following ways:

(i) In the same manner as "Top Secret" information.

(ii) In three-tumbler combination lock fire-resistant steel safe files.

(iii) In locked desks or file cabinets provided a continuous watch is maintained by an officially assigned guard. The guard must be present in the area, so as to keep the desks or file cabinets under surveillance at all times. The guard shall be appropriately investigated and cleared. He shall not be authorized access to the information except as necessary in the performance of his guard duties; i. e., when material is left astray, etc.

(iv) In steel file cabinets secured by a steel bar and padlock of the three-position combination dial-type from which the manufacturer's identification number has been obliterated.

(3) *"Confidential—Modified Handling Authorized."* When not in use, information identified as "Confidential—Modified Handling Authorized" may be stored in one of the following ways:

(i) In the same manner as "Top Secret," "Secret," or "Confidential."

(ii) In a locked room.

(iii) In a locked file cabinet or any other container equipped with a reasonably secure locking device.

(b) *Bulky material.* When it is impractical to store classified material because of its nature or size in accordance with paragraph (a) of this section, the contractor shall safeguard such material by control of the area in which it is located, to the extent required by Subpart D of this part.

(c) *Supervision of storage containers.* Only a minimum number of authorized persons should possess the combination or keys to the storage space or have access to the material stored therein. Safes and other containers in which classified information is stored shall be kept locked when not under the direct supervision of an authorized person officially entrusted with the combination, keys, or the contents.

(d) *Protection during nonworking hours.* Additional safeguards, other than those prescribed by paragraph (a) of this section, will not be required for storage containers having classified information during nonworking hours unless specifically required by the contracting officer concerned.

(e) *Removal to residences.* Although the contractor may have provided for adequate storage facilities at the respective residences of his officers, directors, and other employees, removal of classified information to such dwellings for "after hours" work as a convenience to such persons is not authorized. These facilities, providing they meet the requirements of this part, may be utilized for temporary storage purposes only in connection with authorized travel in which classified information is a part of the business to be transacted, or in other cases of necessity upon approval by an official of the facility who is at a managerial level. In no case will "Top Secret" information be removed to a residence without the prior written au-

thorization of the security office of the cognizant Military Department.

§ 66.12 *Safeguards during use.* Classified information when not safeguarded as provided for in § 66.11 (a), and when in actual use by authorized personnel, shall be protected to prevent compromise as follows:

(a) Shall be kept under the constant surveillance of an authorized person who is in a physical position to exercise direct security controls over the information.

(b) Shall be covered, turned face down, placed in storage containers, or otherwise protected when unauthorized persons are present.

(c) Shall be returned to storage containers as soon as practicable after use.

§ 66.13 *Transmission—(a) Preparation for transmission.* Printed or written information classified "Top Secret," "Secret," or "Confidential" shall be transmitted in double sealed opaque containers. The classified information shall be protected from direct contact with the inner cover by a cover sheet or by folding inward. Only the inner container shall indicate the classification and, when appropriate, the marking "Restricted Data—Atomic Energy Act 1954," and shall include therein a receipt form which identifies the addressor, the addressee, and the contents in such a manner as not to reveal classified information, except that "Confidential" information shall require a receipt only when the sender determines it necessary. Both the inner and outer containers shall indicate the addressee and addressor. "Confidential—Modified Handling Authorized" may be transmitted in a single sealed opaque envelope without indicating on the container that it contains classified information. A receipt form is not required unless the sender determines it necessary.

(b) *Limited to Continental United States.* No classified information nor material shall be transmitted outside the Continental limits of the United States without the specific approval of, and in accordance with instructions issued by, the contracting officer concerned.

(c) *Use of telephone.* Classified information shall not be discussed over the telephone, intercommunication system, or other means of electrical transmission, unless approved military facilities are used.

(d) *"Top Secret."* "Top Secret" information shall be transmitted within the limits of the contractor's facility by a messenger designated by the contractor who is cleared for access to "Top Secret" information. Transmittal beyond the contractor's establishment will be made only when authorized by the Government. When so authorized transmittal shall be by a messenger who has been cleared for access to "Top Secret" information and approved in writing by the Government. The storage provisions of this part apply at all stops en route to destination. Under no circumstances shall "Top Secret" information be transmitted by mail channels.

(e) *"Secret."* "Secret" information shall be transmitted by one of the following means:

(1) Messenger designated by the contractor and who is cleared for access to "Secret" information. When this means of transmission is used, the storage provisions of this part apply at all stops en route to destination.

NOTE: When "Secret" information is required on a visit to another facility, such information should be addressed to the person making the visit and should be transmitted by mail to the facility being visited, whenever practicable.

(2) United States registered mail, including registered air mail.

(3) Protected commercial express, air or surface, under billing which assures the highest degree of protective handling.

(4) Whenever the size or quantity of "Secret" material is of such bulk as not to lend itself to transmission as prescribed in this paragraph, such material will be transmitted in accordance with specific instructions to be furnished by the contracting officer.

(f) *"Confidential."* Use of nonregistered mails is prohibited. "Confidential" information shall be transmitted by one of the following means:

(1) United States registered mail, including registered air mail.

(2) Messenger designated by the contractor and who is cleared for access to "Confidential" information. When this means of transmission is used, the storage provisions of this part apply at all stops en route to destination.

(3) Whenever the size or quantity of "Confidential" material is of such bulk as not to lend itself to transmission as prescribed in this paragraph, such material will be transmitted in accordance with specific instructions to be furnished by the contracting officer.

(g) *"Confidential—Modified Handling Authorized."* "Confidential" information designated as "Modified Handling Authorized" shall be transmitted by messenger designated by the contractor and who is cleared for access to "Confidential" information or ordinary mail in a single sealed opaque container. Whenever the size or quantity of "Confidential—Modified Handling Authorized" material is of such bulk as not to lend itself to transmission as prescribed in this paragraph, such material will be transmitted in accordance with specific instructions to be furnished by the contracting officer. The classification shall not be indicated on the container.

(h) *Cryptographic information.* Cryptographic information shall be transmitted in accordance with specific instructions issued by the contracting officer.

(i) *Intraplant transmittal of classified information.* Classified information may be transmitted within an individual facility in accordance with procedures established by the contractor, provided they are based upon and consistent with this part and provided these procedures have been approved by the security office of the cognizant Military Department.

§ 66.14 *Reproduction.* All copies or reproductions of classified material shall be appropriately marked or

stamped in the same manner as the original thereof.

(a) *Nonreproducible material.* The contractor shall not make, or permit to be made, without prior written authorization of the contracting officer, any photograph or other reproduction of "Top Secret" information, or "Secret" information (when specifically prohibited), for any purpose.

(b) *Reproducible material.* The contractor may reproduce, without prior authorization of the contracting officer, information classified "Secret" (unless specifically prohibited) or "Confidential" (including "Confidential—Modified Handling Authorized"), when such reproduction is essential to—

(1) The performance of the contract.
(2) The preparation of a bid or quotation.

(3) Authorized correspondence in connection with the contract.

(4) Preparation of patent applications to be filed in the U. S. Patent Office, but this section shall not be deemed to authorize the filing of patent applications, and such applications shall not be filed except as specifically provided in the contract.

§ 66.15 *Destruction.* (a) All "Top Secret" and "Secret" information furnished by the Government, including reproductions, and "Top Secret" and "Secret" information developed by the contractor, and information classified "Confidential" (including "Confidential—Modified Handling Authorized") furnished the contractor by the Government shall be destroyed only when authorized in writing by the contracting officer or his duly authorized field representative. Accountability records will be maintained by the contractor to reflect the destruction of such material.

(b) "Confidential" information (including "Confidential—Modified Handling Authorized") developed or reproduced by the contractor in connection with a Department of Defense contract may be destroyed upon determination by the contractor that the material is obsolete or in excess of contractual and/or legal requirements. In such cases, authorization of the contracting officer for the destruction of the material is not required.

(c) Destruction of classified information may be accomplished by one of the following methods:

(1) Printed or written defense information shall either be burned or destroyed by reduction to pulp by appropriately cleared personnel in the presence of a cleared witness. Those documents which require authorization of the contracting officer prior to destruction, pursuant to paragraph (a) of this section, will also require a certificate indicating the date of destruction and identifying the document. This certificate shall be executed and signed by both the destroying and witnessing individuals and shall be forwarded to the contracting officer authorizing the destruction. Copies of certificates of destruction shall be retained by the contractor for a minimum of one year.

(2) When destruction by reduction to pulp is selected by the contractor, the

equipment employed shall be of a type approved by the Department of Defense.

(3) When disposal is authorized "Top Secret," "Secret," and "Confidential" (including "Confidential—Modified Handling Authorized") defense equipment shall be melted or destroyed beyond recognition and so as to prevent reconstruction. Necessary destruction may be limited to those portions of the equipment which incorporate the classified features. A certificate indicating the date of destruction and identifying the equipment shall be executed and signed by both the individual destroying and the individual witnessing such destruction and shall be forwarded to the contracting officer authorizing the destruction. The contracting officer will determine whether the witness must be a representative of his office or of the contractor. Copies of certificates of destruction shall be retained by the contractor for a minimum of 1 year.

(d) *Classified waste.* Preliminary drafts, carbon sheets, carbon ribbons, plates, stencils, composition tapes, masters, stenographic notes, work sheets, and similar items containing classified information shall be disposed of by burning, melting, or by reduction to pulp immediately after they have served their purpose, or shall be given the same classification and shall be safeguarded in the same manner as the material produced from them. Receptacles utilized to accumulate classified waste shall be clearly identified.

SUBPART C—ACCESS

§ 66.16 *General.* An individual shall be permitted to have access to classified information only when cleared by the Government or by the contractor, as the case may be, as specified in this subpart. He will be given access to such material on a "need to know" basis and only to the extent of his clearance. An individual requiring clearance shall be selected by the contractor based upon the individual's need for such information in the performance of his assigned duties. In addition, an immigrant alien, to become eligible for a personnel security clearance to have access to classified information in the possession of the facility, shall have formally declared his intention to become a United States citizen.

NOTE: When an interim clearance has been granted and derogatory information is subsequently developed during the course of the investigation, the military clearing authority may withdraw the interim clearance pending completion of the investigation. Further, such action is not a denial or revocation of clearance and is not appealable under the Department of Defense Industrial Personnel Security Review Regulation.

§ 66.17 *Precontract negotiations.* In the case of precontract negotiations and preparation of bids under Invitations to Bid, the following individuals shall be cleared by the Government in connection with the facility security clearance, unless notified by the Government that such clearances are not required.

(a) *Corporations and associations.* (1) All principal officers, such as President, Senior Vice President, Secretary, Treasurer, and those occupying similar positions. Other officers who are United

States citizens, immigrant aliens, or foreign nationals and who will not require access to classified information in the conduct of the organization's business are not required to be cleared, provided that the organization, by official action:

(i) Designates each of said such officers by name.

(ii) Affirms that such officers will not require, nor will have, and can be effectively denied, access to classified information in the possession of the organization and do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of contracts for the Government. This action shall be made a matter of record in the organization's minutes. Two copies of such minutes shall be furnished to the security office of the cognizant Military Department.

(iii) In case the organization does not comply with this requirement, all officers shall be cleared.

(2) All directors, except as follows: Those directors who are United States citizens, immigrant aliens, or foreign nationals and who will not require access to classified information in the conduct of the organization's business are not required to be cleared, provided that the organization, by official action of the Board of Directors:

(i) Designates each of said such directors by name.

(ii) Affirms that such directors will not require, nor will have, and can be effectively denied, access to classified information in the possession of the organization and do not occupy positions that would enable them to affect adversely the organization's policies or practices in the performance of contracts for the Government. This action shall be made a matter of record in the organization's minutes. Two copies of such minutes shall be furnished to the security office of the cognizant Military Department.

(iii) In case the organization does not comply with this requirement, all directors shall be cleared.

(3) All key employees who will have access to classified information for the purpose of preparation of a bid or quotation.

(b) *Sole proprietorship.* (1) All owners.

(2) All officers, if applicable.

(3) All key employees who will have access to classified information for the purpose of preparation of a bid or quotation.

(c) *Partnership.* (1) All general partners. All other partners who are United States citizens, immigrant aliens, or foreign nationals and who will not require access to classified information in the conduct of the partnership's business are not required to be cleared, provided that the partnership, by official action of all partners:

(i) Designates each of said such partners by name.

(ii) Affirms that such partners will not require, nor will have, and can be effectively denied, access to classified information in the possession of the partnership and do not occupy positions that would enable them to affect adversely the partnership's policies or practices in the performance of contracts for the

Government. This action shall be made a matter of record in the partnership's minutes. Two copies of such minutes shall be furnished to the security office of the cognizant Military Department.

(iii) In case the partnership does not comply with this requirement, all partners shall be cleared.

(2) All key employees who will have access to classified information for the purpose of preparation of a bid or quotation.

(d) *Colleges, universities, and non-profit organizations.* (1) Those officers who are specifically and properly designated in accordance with the institution's requirements as the managerial group having the authority and responsibility for the negotiation, execution, and administration of Government contracts, provided that the institution furnishes the security office of the cognizant Military Department a copy of such delegation of authority from which it can be definitely determined the particular officers who are to be processed in conjunction with a facility security clearance. If this requirement is not met, all officers shall be cleared.

(2) All regents, trustees, or directors, except as follows: Those regents, trustees, or directors who are United States citizens, immigrant aliens, or foreign nationals and who shall not require access to classified information in the conduct of the institution's business will not be required to be cleared provided that the institution, by action of its official administrative body:

(i) Designates each of such regents, trustees, or directors by name.

(ii) Affirms that these individuals will not require, nor have, and can be effectively denied, access to classified information in the possession of the institution and do not occupy positions that would enable them to affect adversely the institution's policies or practices in the performance of contracts for the Government. This action shall be made a matter of official record in the institution's minutes. Two copies of such minutes shall be furnished to the security office of the cognizant Military Department.

(iii) If this requirement is not met, all regents, trustees, or directors shall be cleared.

(3) All key employees who will have access to classified information for the purpose of preparation of a bid or quotation.

(e) *Foreign nationals.* In those cases where United States citizens or immigrant aliens are required to be cleared in connection with a facility security clearance and such individuals fall within the definition of "Foreign national" as set forth in § 66.3 (1) (2), the following procedures shall be followed:

(1) The facility shall designate by name the individual(s) required to be cleared in connection with a facility security clearance, who fall within this category.

(2) Each of the officers and directors designated as falling within the category of a "Foreign national", as required in subparagraph (1) of this paragraph, shall execute a certificate that he will not disclose classified information to any

unauthorized individual or group of individuals, foreign or domestic, regardless of his official, business, or personal association therewith. When the certificate has been executed, official notice thereof shall be made a matter of record in the facility's minutes by the Board of Directors or equivalent administrative body.

(3) Two copies of the minutes and two copies of the individual's certification prescribed in subparagraph (2) of this paragraph shall be furnished the security office of the cognizant Military Department.

(4) The provisions in this paragraph are applicable to United States citizens and immigrant aliens in those instances where the facility does not desire to invoke the procedures prescribed in paragraphs (a) through (d) of this section.

(5) Facilities which fail to comply with the provisions in this paragraph shall be ineligible for clearance, and their existing clearances shall be revoked by the cognizant Military Department. Such actions are not appealable.

§ 66.18 After award of contract. (a) In the event a contract is awarded, in addition to those individuals cleared under the provision of § 66.17, access to classified information, except as provided in paragraph (b) of this section, is authorized only to individuals as specified in the following:

(1) United States citizen employees of the contractor who require access to information classified "Top Secret" or "Secret" (including "Top Secret" or "Secret Restricted Data" or cryptographic material) or to "Restricted Data" or cryptographic material classified "Confidential" (including "Confidential—Modified Handling Authorized") in connection with the performance of work on the contract, and who have been cleared by the Government.

(2) Immigrant alien employees of the contractor who require access to information classified "Top Secret," "Secret," or "Confidential" (including "Confidential—Modified Handling Authorized") in connection with the performance of work on the contract, and who have been cleared by the Government.

(3) United States citizen employees of the contractor who require access to information classified "Confidential" (including "Confidential—Modified Handling Authorized") in connection with the performance of work on the contract, and who have been cleared by the contractor (except employees referred to in subparagraph (1) of this paragraph who require access to "Restricted Data" or cryptographic material classified "Confidential" (including "Confidential—Modified Handling Authorized") and who are cleared by the Government). A clearance by the contractor shall be based on a determination that the individual's employment records are in order as to United States citizenship and that there is no information known to the contractor which indicates that the employee's access to "Confidential" information is not clearly consistent with the interests of National security. The contractor is not authorized to revoke a clearance that he has granted.

(4) Other persons specifically authorized in writing by the Government.

(b) Colleges and universities, when Department of Defense contractors, shall not grant clearances to their employees for access to information classified "Confidential" (including "Confidential—Modified Handling Authorized").

§ 66.19 Preemployment applications not authorized. A personnel clearance action for an individual will not be initiated prior to the employment of the individual by the contractor requesting such action.

§ 66.20 Application for clearance.

(a) Except for those individuals who are exempt, in connection with a facility security clearance under the provisions of § 66.17, from the requirement for a personnel security clearance as they will not require access to classified information in the possession of the facility, applications for clearance shall be made by the contractor for his officers, directors, owners, and employees for whom Government clearance is required as specified in §§ 66.17, 66.18 (a) (1) and (2), and (b). Applications shall be made to the security office of the cognizant Military Department by submission of the following:

(1) Five signed copies of DD Form 48, "Personnel Security Questionnaire," and five signed copies of DD Form 48-1, "Certificate of Nonaffiliation with Certain Organizations," (forms to be furnished by the security office of the cognizant Military Department) completed and executed by United States citizens.

(2) Five signed copies of DD Form 49, "Immigrant Alien Questionnaire," and five signed copies of DD Form 48-1 (forms to be furnished by the security office of the cognizant Military Department) completed and executed by immigrant aliens.

(3) One properly completed and executed fingerprint card (cards to be furnished by the security office of the cognizant Military Department).

(b) Special requirements for colleges and universities. Colleges and universities, when Department of Defense contractors, shall furnish to the security office of the cognizant Military Department the following information, in addition to that required in paragraph (a) (1) of this section, when clearance is required for their personnel, other than immigrant aliens, for access to "Confidential" (including "Confidential—Modified Handling Authorized"):

Any information, derogatory or otherwise, available to the college or university officials or indicated in the personnel records of the college or university which will aid the Military Department concerned in reaching a decision as to whether a clearance should be issued.

§ 66.21 Contractor's clearance record.

The contractor shall maintain a current record at each facility of all of his employees who have been cleared for access to classified information. The record will indicate the degree and date of clearance and whether cleared by a specific Military Department or the contractor.

§ 66.22 Employment of aliens. No alien or immigrant alien, employed by a contractor for furnishing or constructing aircraft, or aircraft parts or aeronautical accessories for the Government shall be permitted to have access to the unclassified plans or specifications or the work under construction or to participate in the contract trials without written consent beforehand of the Secretary of the Military Department concerned. Application for such consent shall be made by submission of 5 signed copies of DD Form 49, and 5 signed copies of DD Form 48-1, completed and executed by the alien or immigrant alien, to the security office of the cognizant Military Department.

SUBPART D—CONTROL OF AREAS

NOTE: When, because of the nature or size of classified material, it is otherwise impractical to prevent access to it by unauthorized individuals, and protection cannot be provided for as required by §§ 66.11 and 66.12, the contractor shall safeguard such material by control of the area in which the material is located, provided further, that the Government and the contractor shall agree upon the extent of the control of areas at the time such parties enter into a contract.

§ 66.23 Area designations. Facilities may be divided into the following areas as circumstances require:

(a) **Closed Areas.** Areas containing classified information which may be accessible during working hours and nonworking hours and which cannot be stored in accordance with the provisions of § 66.11 shall be designated as Closed Areas.

(b) **Restricted Areas.** Areas containing classified information which may be accessible only during normal working hours and which is stored as provided for in § 66.11 during nonworking hours shall be designated as Restricted Areas.

§ 66.24 Area controls—(a) Closed Areas. (1) Shall be segregated or separated from adjacent areas by a physical barrier capable of preventing observation or entrance by unauthorized individuals.

(2) During working hours, admittance shall be controlled by the posting of guards at all unlocked entrances, except that if the information within the area is classified no higher than "Confidential," admittance may be controlled by contractor authorized personnel.

(3) During nonworking hours, admittance shall be controlled by locked entrances and exits and guards on patrols commensurate with the accessibility and size of the area.

(4) At all times, personnel assigned to the area shall challenge the presence of unauthorized individuals.

(b) **Restricted Areas—(1) During working hours.** The same controls as prescribed for Closed Areas during working hours.

(2) **During nonworking hours.** As prescribed by § 66.11.

§ 66.25 Supplemental control systems. A central electrical alarm service (a service and all of its employees which have been cleared by the Government

and in which the operation of the electric protective signals and devices are automatically signalled to a central station which has trained guards and operators in attendance at all times, which monitors the signal end of the alarm system, which provides the response to a signal and which supervises the functions of the system), or an electrical protective system without a central alarm service (one in which the electrical protective circuits automatically signal an alarm and where supervision is maintained over the maintenance and repair of the system) may be used by the contractor to supplement guard personnel required by § 66.24 (a) (3). The use of an electrical protective system with central alarm service may be authorized by the contracting officer of the Military Department concerned to supplant the use of guard personnel required by § 66.24 (a) (3), where the material involved is classified "Secret" or lower. Where electrical protective systems are applied to the premises, all accessible openings thereto must be electrically protected. All material and equipment used in the system shall equal or exceed the Grade A specifications of the Underwriters' Laboratories where applicable for the purpose for which it is used, and all installations should be Type III or better in accordance with the accepted Underwriters' Laboratories standards for burglar alarm systems with the additional requirement that a signal be maintained either at the remote central control station or be visible from outside the facility showing the system to be in operation and in working order after normal working hours.

SUBPART E—VISITOR CONTROL PROCEDURES

§ 66.26 *General rules.* (a) If the individual will not have access to classified information and can be denied access through escort procedures, the provisions of this manual will not apply, and the matter is to be handled solely between the contractor and the individual.

(b) It is of the utmost importance that visits requiring access to classified information be held to a minimum.

(c) The following requirements must be satisfied before any request to visit is processed further:

(1) That the intended visit is necessary in the National interest.

(2) That the purpose of the visit cannot be achieved without access to classified information by the individual.

(d) Approval of the visit constitutes the authority for disclosure of classified information only to the extent cited and according to limitations imposed in the authorization.

§ 66.27 *Nonvisitor categories.* Persons in the following categories are not regarded as visitors under the terms of this part and are not subject to the security control measures prescribed in this part for visitors.

(a) Persons employed on the classified work by the contractor or his subcontractors.

(b) Persons employed on classified work being performed by a subcontractor who must have access to classified work at a facility of the prime contractor

or at a facility of another subcontractor engaged in the performance of work in connection with the same prime contract, provided the prime contractor determines that such access is necessary for the performance of the prime contract and subcontracts involved.

(c) When authorized by the prime contractor, representatives of prospective subcontractors, vendors, or suppliers.

(d) Representatives of the Department of Defense who are directly and officially concerned in the performance of the contract.

(e) Authorized representatives of Federal Executive Departments or Agencies having internal security investigative responsibilities by statute or by Executive directive.

(f) Authorized representatives of certain Federal Departments or Agencies which have executed and which have in effect an agreement with the Department of Defense to permit certain of their representatives designated by names to visit Department of Defense contractors' facilities for agreed purposes. The security officer of the cognizant Military Department will notify management of clearance status of individuals falling within this category and of any limitations or restrictions to be placed upon the visitor.

§ 66.28 *Notification to contractors regarding nonvisitor category visits.* (a) The prime contractor or subcontractor shall be responsible for notifying the other, on a contractor-to-contractor basis, furnishing the following information for the individuals outlined in § 66.27 (b) or (c):

(1) Purpose of the visit in connection with the performance of the contract.

(2) Date of arrival.

(3) Current clearance status.

(b) For individuals falling within the nonvisitor category outlined in § 66.27 (d) and (e), information should be furnished to the contractor prior to the visit, including purpose of visit, date of arrival and current clearance status.

(c) The prime contractor shall determine from his cognizant security office whether the prospective subcontractors, vendors, or suppliers have been granted appropriate facility clearances prior to granting access to classified information. Following verification of the facility security clearance, individual visits will be processed, on a contractor-to-contractor basis, as outlined in paragraph (a) of this section.

(d) In all cases, the individual falling within the above categories shall properly identify himself upon arrival at the facility prior to the disclosure of any classified information to him by management of the facility being visited.

§ 66.29 *Visitor category.* Persons in the following categories are regarded as visitors, and visits by them to contractors' facilities involving access to classified information shall be controlled in accordance with the provisions of this part.

(a) United States citizens and immigrant alien employees of Department of Defense contractors or subcontractors not described in § 66.27 (a), (b), and (c).

(b) Military personnel and civilian employees of the Department of Defense not directly and officially concerned in the performance of the contract (except foreign nationals).

(c) Those individuals, except immigrant aliens and foreign nationals, who are not employees of the contractor nor of the Government but whose admittance is considered necessary by the contractor.

(d) United States citizens and immigrant aliens not included in paragraphs (a), (b), and (c) of this section.

(e) Foreign nationals. (See definitions, § 66.3 (1).)

(f) Representatives of Federal Agencies other than those referred to in paragraph (b) of this section, and not included in § 66.27.

§ 66.30 *Procedures for obtaining approval for visit—(a) Employees of Department of Defense contractors.* (1) A contractor who desires to visit a facility of another contractor, or desires to have one of his employees make such a visit, except those referred to in § 66.27 (a), (b), or (c), which visit involves access to classified information, shall address a request in writing, as outlined in § 66.31, to the facility to be visited. The request shall be processed in the following manner. Management shall obtain verification in writing of the need for the visit from the contracting officer concerned or his duly authorized field representative. The request shall then be processed through the security office of the cognizant Military Department at the requester's facility.

(2) The security office of the cognizant Military Department of a facility to be visited may approve or disapprove a request to visit where access to classified information is involved. If the request to visit is approved, the security office of the cognizant Military Department of the facility to be visited shall notify management of the facility to be visited. Final decision to admit or refuse admittance of a visitor, when approved by the security office, is at the discretion of the management of the facility to be visited. If the visit is approved, the security office of the cognizant Military Department of the facility to be visited shall also notify management of the requesting facility through the security office of the cognizant Military Department of that facility. Any limitations or restrictions to be placed upon the visitor shall be made known to the facility to be visited, and to the visitor at the time the visit is approved. If the request to visit is disapproved, the security office of the cognizant Military Department at the facility to be visited shall so notify management of the requesting facility, through the security office of the Military Department having security cognizance at the facility.

(b) *Military personnel and civilian employees of the Department of Defense not directly and officially concerned in the performance of the contract (except foreign nationals).* Military Departments having responsibility for the classified information that will be involved are responsible for notifying in writing the security office of the cognizant Mil-

itary Department, which shall inform the contractor of impending official visits to be made by individuals in these categories.

(c) *Those individuals, except immigrant aliens and foreign nationals, who are not employees of the contractor nor of the Government but whose admittance is considered necessary to the performance of the contract by the contractor.*

(1) This category may include, but is not necessarily limited to, individuals servicing or installing machine tools or other manufacturing equipment, servicing or installing structures or structural equipment, or safety, health, or underwriting inspectors, or officials of labor organizations whom the contractor has agreed to admit under the specific terms of a bargaining or other agreement.

(2) When a contractor has an essential need for the services of an individual that clearly fall within this category of visitor, he shall request in writing of the security office of the cognizant Military Department authorization for entry of the individual. This request shall contain all elements of information concerning the individual, as specified in § 66.31, plus a complete justification of the requested action by the contractor.

(3) The security office of the cognizant Military Department will notify the contractor of the decision in the matter. The notification of approved visits shall include any limitations and restrictions to be placed on the visitor.

(d) *Other United States citizens and immigrant aliens.* (See § 66.29 (d).)

(1) All individuals in this category desiring approval of a proposed visit should address requests in writing, as specified in § 66.31, to the facility to be visited. When the facility desires to approve such a request, the contractor concerned shall determine whether the proposed visit will involve access to classified information and, if so, will advise the security office of the cognizant Military Department.

(2) The security office, upon approval or disapproval of the request, shall so advise the contractor. Notification of approved visits shall include any limitations and restrictions to be placed on the visitor.

(e) *Foreign nationals.* (See § 66.29 (e).)

(1) Individuals in this category shall not be permitted access to classified information in the hands of Department of Defense contractors unless specifically authorized in writing by the appropriate agency of the Military Department concerned.

(2) Foreign nationals, their governments, or other activities sponsoring visits are required to address their requests containing the information indicated in § 66.31 to their respective diplomatic representatives in the United States for transmittal to the appropriate agency within the Military Department concerned.

(3) Upon approval of the request, the appropriate agency of the contracting Military Department shall notify management of the facility to be visited and obtain their consent for said visit

through the security office of the cognizant Military Department. When such consent has been obtained, the cognizant security office shall inform the appropriate agency of the contracting Military Department, which in turn shall advise the requester.

§ 66.31 *Visit requests.* Requests for approval to visit specified in § 66.30 (a), (d) and (e) shall be made in writing sufficiently in advance to permit appropriate action and authorization for the visit. Such requests shall show the verification of the contracting officer concerned, as prescribed in § 66.30 (a) (1), and shall include the following information:

- (a) Name in full, rank, title, position.
- (b) Nationality of visitor (immigrant aliens shall furnish alien registration number), date, and place of birth.
- (c) Employer or sponsor with address (street, city, and State).
- (d) Name and location of facility to be visited (if known).
- (e) Date, time, and duration of visit.
- (f) Purpose of visit, in detail.
- (g) Security clearance status of visitor (date of clearance, if known) and name of clearing agency (if any previously granted).

§ 66.32 *Identification and control of visitors.*—(a) *Identification.* Approved visitors shall be responsible for the presentation of adequate identification at the time of the visit. The contractor shall not permit access to classified information until he is satisfied as to the identity of the visitor.

(b) *Control of visitors.* (1) The security office of the cognizant Military Department and Department of Defense contractors shall place such restrictions on the movement of visitors entering facilities as will insure adequate security of classified information in the possession, custody, or control of the facility.

(2) Visitors shall be accompanied during their stay by responsible persons designated by the security officer of the facility. These escorts shall be informed as to the necessary limitations or restrictions placed on the visitors.

(3) Visitors shall be prohibited from taking photographs unless specifically authorized in writing by the Military Department whose classified contract will be involved through the security office of the cognizant Military Department.

(4) Classified material shall not be released to the visitor to take outside the facility unless the visitor has received written approval from the contracting Military Department. Such written authority shall include all precautions for safeguarding the information concerned.

(c) *Register.* The contractor shall establish and maintain a record of the time of arrival at and departure from his facility of all visitors and nonvisitors who require access to classified information.

§ 66.33 *"Restricted Data".* Visits which will involve access to "Restricted Data," as defined by the Atomic Energy Act of 1954 (includes that previously marked "Restricted Data—Atomic Energy Act of 1946.") in the hands of De-

partment of Defense contractors, shall be processed as prescribed in this manual, unless the Department of Defense contractor is also an Atomic Energy Commission contractor, in which case the approval of the Atomic Energy Commission is required for access to "Restricted Data" involved in the Atomic Energy Commission contract.

NOTE: Visits to Military Installations. Visitors to Military Installations will be governed by the appropriate regulations of the Military Departments concerned. The security office of the Military Installation concerned will furnish information pertaining to such visits.

SUBPART F—SUBCONTRACTORS, VENDORS, AND SUPPLIERS

§ 66.34 *Determination of clearance status.* The prime contractor shall determine from the security office of the cognizant Military Department whether the subcontractor, prospective subcontractor, vendor, or supplier has been granted a prescribed facility security clearance prior to disclosing any classified material. If the subcontractor or prospective subcontractor, vendor, or supplier does not have a prescribed facility security clearance, the prime contractor shall request his cognizant security office to initiate appropriate clearance action.

§ 66.35 *Notification of selection.* For each classified contract, the prime contractor, immediately upon selection of a subcontractor, vendor, or supplier, or subcontractors, vendors, or suppliers with whom he will be dealing, shall furnish in writing to the contracting officer or his duly authorized field representative the names and addresses of each of the subcontractors to be engaged on classified work under the contract concerned and the highest classification of information that may be released thereunder. Prior to the award of a subcontract involving classified information, the prime contractor shall request the contracting officer or his duly authorized field representative administering the prime contract to furnish a DD Form 254 (if not previously furnished) which shall accompany each subcontract so awarded.

§ 66.36 *Approval of subcontractors' security controls.* Prime contractors shall not release classified information to a subcontractor, vendor, or supplier until the contracting officer or his duly authorized field representative has determined through survey procedure and has notified the contractor for each subcontract that the subcontractor has been inspected and meets the safeguarding requirements established by this part.

§ 66.37 *Action by subcontractor.* The prospective subcontractor, vendor, or supplier shall furnish to the security office of the cognizant Military Department properly executed forms necessary to process a facility security clearance. The prime contractor shall not disclose classified material to the subcontractor or prospective subcontractor, vendor, or supplier until after such subcontractor, vendor, or supplier has executed the Department of Defense Security Agreement and a facility security clearance has been granted.

§ 66.38 *Return of classified information.* In case of prime contractor-subcontractor, -vendor, or -supplier relationship, the subcontractor, vendor, or supplier will be governed in the return of classified information to the prime contractor as provided in this part, except that approval of the contracting officer concerned will be obtained prior to the prime contractor authorizing the retention of any classified information by the subcontractor, vendor, or supplier.

§ 66.39 *Application to subcontractors.* All provisions of this part apply to all subcontractors, vendors, or suppliers of a prime contractor.

§ 66.40 *Application to subsubcontractors.* For the purposes of this part, each subcontractor, vendor, and supplier shall be considered as a prime contractor with respect to his subcontractors, vendors, or suppliers.

§ 66.41 *Consultants.* (a) Consultants to Department of Defense contractors, who will require access to classified information in the course of the performance of any services for the contractor in connection with a classified contract, shall be considered in the same category as subcontractors. The procedures established in this part pertaining to contractors are equally applicable, as appropriate, to consultants.

(b) In those cases in which a Military Department enters into a contract with a facility for the services of one of its employees as a consultant, whose services will involve access to classified information, the facility and the individual shall be cleared in accordance with the provisions of this part.

(c) In those cases in which the services to be rendered by the consultant, including any of his employees so designated by name, will be performed at, and no classified material will be removed from, the facility of the contractor and provided a certification is executed jointly by the contractor and the consultant setting forth these facts, the requirement for execution of a DD Form 441 by the consultant is waived. The adoption of this procedure eliminates the requirement for conducting a Facility Security Clearance Survey (DD Form 374) at the premises of the consultant. Two copies of such certification shall be furnished by the contractor to the security officer of the cognizant Military Department. Failure to accomplish the above certification by the contractor and the consultant will require the processing of a facility security clearance as prescribed by this part.

(d) Security clearances for individuals who act as consultants directly to activities of the Department of Defense shall not be processed under the procedures established in paragraphs (a) and (b) of this section. The separate regulations of the Military Departments are applicable in such cases.

SUBPART G—MULTIPLE-FACILITY ORGANIZATIONS

§ 66.42 *Application of part.* (a) The provisions of this part shall apply to facilities of multiple-facility organizations whether included in parent-sub-

subsidiary or any other business type association.

(b) The parent organization of the facility must have a facility security clearance of the same or higher category, unless formal action of the Board of Directors of the parent organization specifies that the officials of the parent organization will not have access to classified information held by the subsidiary facility. Two copies of such Board action shall be furnished to the cognizant Military Department processing the clearance of the subsidiary facility. This provision shall not apply when the parent organization is foreign owned, controlled, or influenced. In those cases in which the parent organization is foreign owned, controlled, or influenced, the subsidiary organization is ineligible for a facility security clearance.

(c) In all instances in which there is an interchange of classified information between such facilities, for the purpose of this part these facilities shall be considered to be in the same association as between a prime contractor and a subcontractor, vendor, or supplier.

SUBPART H—CRYPTOGRAPHIC INFORMATION

§ 66.43 *Application of part.* (a) The provisions of this part apply to research, development, and production of cryptographic equipment supplemented by special instructions to be issued for any specific contract pertaining to cryptographic equipment issued by the contracting officer concerned, notice thereof having been furnished the contractor.

(b) Cryptographic clearances for employees and facilities will be issued by the appropriate Military Department under regulations concerning this subject. Denials or revocations of cryptographic clearances are not appealable.

SUBPART I—GRAPHIC ARTS

NOTE: This subpart establishes the special procedures to supplement the foregoing provisions of this part and will be followed in safeguarding the production and distribution of graphic arts involving classified information.

§ 66.44 *Production control records.* Production Control Records shall be plainly and conspicuously marked or stamped (not typed) with the same degree of classification as the defense information being processed. Such records, unless they contain or have permanently affixed thereto classified information, will automatically be declassified after delivery of the product has been made. The contractor may at his discretion combine the receipt system with the production record; however, when such records are combined, they must be retained for a one-year period.

§ 66.45 *Area controls, additional requirements.* The facility shall meet the over-all requirements for the proper physical safeguarding of the classified information to be entrusted to the facility. Because of the nature and size of printed matter and production procedures, certain types of activities will be subject to additional area control as follows:

(a) *Pressrooms.* During the time that classified information is being run on the press, the press itself shall be identi-

fied and marked as classified information of the category of the material being run and will not be declassified until the run has been completed and all classified information removed from the press. During such periods, the contractor shall be responsible for insuring that only authorized employees engaged in operating the press are given access to the information. Management restrictions shall prohibit other employees from the immediate vicinity of the press. When this procedure for pressroom security is installed by the contractor, plates, blankets, chases, etc., need not be removed from the press at close of working hours when the press run is incomplete, provided the area meets the security requirements of Subpart D of this part.

(b) *Darkrooms.* Admittance to all film processing units will be restricted to personnel appropriately cleared, who are assigned to the particular job or jobs involving classified information.

(c) *Bindery areas.* Shall be secured by the same method as pressroom areas.

(d) *Shipping entrances.* Will be secured at all times; loading and unloading operations will be performed under the supervision of an appropriately cleared responsible employee of the contractor.

(e) *Proof reading areas.* Shall be controlled by physical barriers that will prevent access either visually or by sound, or entrance by unauthorized individuals.

§ 66.46 *Special conditions.* (a) *Overruns.* Excess quantities must be held to a minimum; an exact count of finished products must be made. Quantities in excess of the contract requirements will be destroyed in compliance with the provisions of § 66.15.

(b) *Proofs.* A record shall be kept of the numbers and disposition of proofs. Galley or page proofs approved by the contracting officer shall be retained until product is delivered and will then be returned to the contracting officer.

(c) *Waste disposal.* At each production point at which waste, spoilage, trimmings, cuttings may accumulate in the course of manufacture, the contractor shall provide waste containers appropriately marked for the disposal of the classified material. These containers must be adequately safeguarded and the waste promptly destroyed. Waste should not be retained in production areas during nonworking hours.

(d) *Return of samples.* All graphic art samples shall be returned to the contracting officer or his field representative immediately after completion of the work.

(e) *Bulk shipment.* Graphic arts products that are shipped in bulk will be stacked in the inner container face up. A cover sheet will be placed on top of the material before sealing container. The contractor will maintain a record of the quantity in each container and, when the copies are serially numbered, the contractor shall number the inner containers and the record shall show which serial numbers were packed in each container. The classification marking shall be stamped on all outside surfaces of the inner container. Containers shall be

sealed by wire stapling or by tape so that tampering would be noticed. Address labels will be placed on the top surface of both containers, and receipts will be attached to the inner container with a temporary fastener that permits removal by consignee.

§ 66.47 *Destruction, special requirements.* (a) Material shall be destroyed in accordance with the provisions of § 66.15 by the following approved methods of destruction:

Paper products.....	Burn or pulp.
Plastics, film, acetates, cloth.	Burn.
Metals:	
Foundry type.....	Distribute in type case.
All other metals.....	Melt.
Wooden type.....	Distribute in type case.
Glass negatives.....	Dissolve in emulsion.
Blankets, rubber, felt, wool.	Burn.
Plaster molds.....	Crush beyond recognition.
Wax molds.....	Melt or burn.

(b) Other materials not listed, or new materials which may be developed, shall be destroyed beyond recognition as such, and so as to prevent reconstruction.

§ 66.48 *Mailing lists.*—(a) *Classified.* When a mailing list is of itself classified but the contents are not classified, the material will be automatically unclassified at the point of mailing or when separated from the list at the point of shipping. When classified mailing lists are prepared or maintained by a contractor, all material which retains an impression of the address, such as carbons, addressing plates, identification strips, and verification lists, will become classified.

(b) *Unclassified.* When a mailing list is not of itself classified but is used for the distribution of classified material, it will be given the same classification of the material when affixed to the containers covering classified material. The list may be declassified when removed from the container.

CARTER L. BURGESS,
Assistant Secretary of Defense
(M&P).

AUGUST 16, 1955.

[F. R. Doc. 55-6879; Filed, Aug. 24, 1955;
8:45 a. m.]

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

TREASURY DEPARTMENT

Effective upon publication in the FEDERAL REGISTER, paragraph (i) (1) of § 6.103 is amended as set forth below.

§ 6.103 *Treasury Department.* * * *
(i) *United States Savings Bonds Division.* (1) Until October 31, 1955, positions of State Director and Deputy State Director, and Regional Director and Assistant Regional Director.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633; E. O. 10440, 18 F. R. 1823, 3 CFR 1953 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,
WM. C. HULL,
Executive Assistant.

[F. R. Doc. 55-6908; Filed, Aug. 24, 1955;
8:51 a. m.]

TITLE 24—HOUSING AND HOUSING CREDIT

Chapter II—Federal Housing Administration, Housing and Home Finance Agency

MISCELLANEOUS AMENDMENTS TO CHAPTER

The following changes are made in Chapter II of Title 24:

Subchapter C—Mutual Mortgage Insurance and Servicemen's Mortgage Insurance

PART 221—MUTUAL MORTGAGE INSURANCE; ELIGIBILITY REQUIREMENTS OF MORTGAGE COVERING ONE- TO FOUR-FAMILY DWELLINGS

1. Section 221.17 (a) (4) is amended by adding at the end thereof, before the semicolon, a proviso as follows:

§ 221.17 *Maximum amount of mortgage and mortgagor's minimum investment.* (a) * * *

(4) * * * *Provided*, That with respect to a mortgage insured pursuant to an application received by the Commissioner on or after July 30, 1955, and thereafter so long as this proviso shall remain in effect, the mortgage shall not, except in the case of a "disaster loan" as such term is defined by the Commissioner, exceed 88 percent (93 percent if the dwelling is approved for insurance prior to the beginning of construction) of \$9,000 of the appraised value of the property (as of the date the mortgage is accepted for insurance) and 73 percent of such value in excess of \$9,000.

2. Section 221.18 is amended by adding to the first sentence thereof a proviso as follows:

§ 221.18 *Payments and maturity dates.* * * * *Provided*, That with respect to a mortgage insured pursuant to an application received by the Commissioner on or after July 30, 1955, and thereafter so long as this proviso shall remain in effect, the maturity shall not, except in the case of a "disaster loan" as such term is defined by the Commissioner, exceed 25 years from the date of insurance of the mortgage. * * *

3. In § 221.42 (b) the introductory text is amended to read as follows:

§ 221.42 *Eligibility of miscellaneous type mortgages.* * * *

(b) A mortgage may be in an amount not exceeding 90 percent (88 percent in the case of a mortgage insured pursuant to an application received by the Commissioner on or after July 30, 1955, except in the case of a "disaster loan" as such term is defined by the Commissioner) of the appraised value of the

mortgaged property as of the date the mortgage is accepted for insurance if:

4. Section 221.42 is amended by adding at the end thereof a new paragraph (i) as follows:

§ 221.42 *Eligibility of miscellaneous type mortgages.* * * *

(i) Notwithstanding the provisions of paragraphs (c) and (d) of this section and so long as this paragraph shall remain in effect, a mortgage of the character described in paragraph (c) insured pursuant to an application received by the Commissioner on or after July 30, 1955 shall not, except in the case of a "disaster loan" as such term is defined by the Commissioner, exceed 93 percent of the appraised value of the property as of the date the mortgage is accepted for insurance; or with respect to a mortgage of the character described in paragraph (d) shall not exceed 83 percent of the appraised value of the property as of the date the mortgage is accepted for insurance.

(Sec. 211, 52 Stat. 23; 12 U. S. C. 1715b)

PART 225—SERVICEMEN'S MORTGAGE INSURANCE; ELIGIBILITY REQUIREMENTS OF MORTGAGE

Section 225.4 is amended to read as follows:

§ 225.4 *Maximum mortgage amount; ratio of loan-to-value limitation.* The mortgage shall be in an amount not to exceed 95 percent (93 percent with respect to a mortgage insured pursuant to an application received by the Commissioner on or after July 30, 1955, except in the case of a "disaster loan" as such term is defined by the Commissioner) of the appraised value of the property as of the date the mortgage is accepted for insurance.

(Sec. 211, 52 Stat. 23; 12 U. S. C. 1715b)

Subchapter F—Rehabilitation and Neighborhood Conservation Housing Insurance

PART 261—HOME REHABILITATION INSURANCE; ELIGIBILITY REQUIREMENTS OF MORTGAGE COVERING ONE- TO ELEVEN-FAMILY DWELLINGS

Section 261.7 (a) is amended by adding thereto a new subparagraph as follows:

§ 261.7 *Maximum mortgage amount; loan-to-value limitation.* (a) * * *

(3) 93 percent (95 percent in the case of a "disaster loan" as such term is defined by the Commissioner) of the appraised value of the property as of the date the mortgage is accepted for insurance with respect to a mortgage of the character described in subparagraph (1) of this paragraph; or with respect to a mortgage of the character described in subparagraph (2) of this subparagraph not in excess of 73 percent (75 percent in the case of a "disaster loan" as such term is defined by the Commissioner) of the appraised value in excess of \$9,000 as of the date the mortgage is accepted for insurance if the mortgage is insured pursuant to an application received by the Commissioner on or after July 30, 1955.

(Sec. 211, 52 Stat. 23; 12 U. S. C. 1715b)