



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Office of the Director

Washington, DC 20226

October 18, 2023

ATF RULING 2023-1

Use of Electronic Explosives Records

- 18 U.S.C. 842(f): RECORDS REQUIRED FOR FEDERAL EXPLOSIVES
LICENSEES AND PERMITTEES**
- 27 CFR 555.22: ALTERNATE METHODS OR PROCEDURES; EMERGENCY
VARIATIONS FROM REQUIREMENTS**
- 27 CFR 555.121: GENERAL**
- 27 CFR 555.122: RECORDS MAINTAINED BY LICENSED IMPORTERS**
- 27 CFR 555.123: RECORDS MAINTAINED BY LICENSED MANUFACTURERS**
- 27 CFR 555.124: RECORDS MAINTAINED BY LICENSED DEALERS**
- 27 CFR 555.125: RECORDS MAINTAINED BY PERMITTEES**
- 27 CFR 555.126: LIMITED PERMITTEE TRANSACTION REPORT**
- 27 CFR 555.127: DAILY SUMMARY OF MAGAZINE TRANSACTIONS**
- 27 CFR 555.128: DISCONTINUANCE OF BUSINESS**
- 27 CFR 555.129: EXPORTATION**

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) authorizes an alternate method or procedure to the explosives recordkeeping requirements contained in Title 27, Code of Federal Regulations (CFR), Part 555, Subpart G. Specifically, ATF authorizes Federal explosives licensees and permittees (FEL/Ps) to maintain their records electronically instead of in paper format, provided the conditions set forth in this ruling are met. This ruling supersedes ATF Ruling 2007-1.

In January 2007, ATF issued Ruling 2007-1 that authorized FEL/Ps to maintain Federal explosives records required under 27 CFR Part 555, Subpart G, in electronic form rather than in paper form. The ruling addressed electronic records, and electronic records in combination with paper records, that contain all the required information specified in the regulations and that are maintained in a permanent form. However, Ruling 2007-1 did not provide instructions regarding the disposition of electronic records as required under § 555.128, Discontinuance of Business, nor did it address the storage of explosives records on remote servers.

Title 18, United States Code (U.S.C.), section 842(f), makes it unlawful for any FEL/P willfully to manufacture, import, purchase, distribute, or receive explosive materials without making such records as the Attorney General may by regulation require.

Regulations implementing section 842(f) are in 27 CFR Part 555, Subpart G. The regulations in this subpart specify the records required to be created and maintained by explosives importers, manufacturers, dealers, and permittees (§§ 555.122 – 555.127 and § 555.129). The regulation in § 555.121 provides that FEL/Ps must keep records pertaining to explosive materials in permanent form (*i.e.*, commercial invoices, record books) and in the manner required in Subpart G. Upon absolute discontinuance of the explosives business or operations, the records required to be maintained by the FEL/P must be delivered within 30 days following the business or operations discontinuance to a local ATF office or to the ATF Out-of-Business Records Center.

Regulations at 27 CFR § 555.22 allow for the approval and use of an alternate method or procedure in lieu of a method or procedure specifically prescribed in Part 555. ATF may approve an alternate method or procedure when it is found that: (1) good cause is shown for the use of the alternate method or procedure; (2) the alternate method or procedure is within the purpose of, and consistent with the effect intended by, the specifically prescribed method or procedure and that the alternate method or procedure is substantially equivalent to that specifically prescribed method or procedure; and (3) the alternate method or procedure will not be contrary to any provision of law and will not result in an increase in cost to the Government or hinder the effective administration of 27 CFR Part 555. Regulations at 27 CFR 555.122(d), 555.123(e), 555.124(e), and 555.125(b)(7), allow for the authorization of alternate records to be maintained by licensed importers, manufacturers, dealers, and permittees when the licensee or permittee shows that the record will accurately and readily disclose the required information.

Many businesses rely upon computers to maintain records of inventory, sales, and other business information. Creating and maintaining records in electronic, rather than handwritten form, can make it easier to ensure the accuracy of records, and make it less likely that records will be lost or misplaced. In addition, maintaining electronic records generally saves time and money in bookkeeping and auditing expenses. Computers allow companies to automate inventories using technology such as bar codes or data matrix codes. This method facilitates better accountability of products and reduces the potential for clerical errors.

Pursuant to variances and ATF Ruling 2007-1, in which ATF found that using electronic records is substantially equivalent to the methods of recordkeeping set forth in the regulations in 27 CFR Part 555, Subpart G, numerous FEL/Ps now use electronic records rather than paper records. ATF has determined that electronic records of acquisition and disposition, magazine summary records, and the other records required by 27 CFR Part 555, Subpart G, are substantially equivalent to paper records under certain conditions. Further, the maintenance of records in the manner required by 27 CFR Part 555, Subpart G, in electronic format accurately and readily disclose the required information when kept under certain conditions.

ATF finds that the increased efficiency of electronic recordkeeping systems provides good cause to authorize FEL/Ps to maintain the records required by 27 CFR Part 555, Subpart G electronically. In addition, the use of electronic records, when the requirements of this ruling are met, is consistent with the effect intended by the requirements of Subpart G, as it will result in a permanent, reliable record that will accurately indicate explosives acquisitions, distributions/ dispositions, and daily summaries of magazine transactions.

Finally, ATF finds that the use of electronic records containing all of the required information generally will not hinder the effective administration of Federal explosives laws or regulations.

The use of such electronic records by an FEL/P typically makes it easier for ATF to conduct inventories of product on hand and to audit the required records.

Held, FEL/Ps may maintain electronic explosives records required by 18 U.S.C. 842(f) and 27 CFR Part 555, Subpart G, if the following conditions are satisfied:

1. The electronic recordkeeping system must retain any correction of errors as an entirely new entry, without deleting or modifying the original entry. The corrected entry must contain the date and reason for the correction, and the name of the person who made the correction.
2. The electronic recordkeeping system must allow queries by required fields (*e.g.*, date of transaction, name of the manufacturer or importer, name of purchaser).
3. The FEL/P must back up their electronic explosives records to protect the data from accidental deletion, system failure, or other circumstances that prevent access to the current records. The FEL/P must back up their electronic records not later than the close of the business day when entries are made in the electronic record. For the purposes of this ruling, the term “back up” means to copy the electronic records to a separate electronic storage device or system (*e.g.*, hard drive, universal serial bus (USB) flash drive, remote server).
4. If the FEL/P maintains their electronic records on a remote server that is at a location not owned or otherwise controlled by the FEL/P, the FEL/P’s back up record must be on a device or server that is at a location owned or otherwise controlled by the FEL/P.
5. In addition to the above backup requirements, the FEL/P must back up electronic records: (1) prior to discontinuance of the explosives business or operations; and (2) prior to discontinuance or change of a software (program), the database system storing electronic record(s) (whether or not maintained by a host facility (*e.g.*, remote server or cloud storage provider)), or the host facility (if applicable) storing electronic records.
6. Upon absolute discontinuance of the explosives business or operations, the FEL/P must print the records required to be kept under 27 CFR Part 555, Subpart G, or download the records to an electronic storage device (as described in paragraph 3), or both. The required records must be delivered within 30 days following the business or operations discontinuance to any ATF office located in the region in which the business or operations were located, or to the ATF Out-of-Business Records Center. The complete download must provide an American Standard Code for Information Interchange (ASCII) text file (in conformity with industry standards) containing all required records, and a file description. The complete printout or ASCII text file and file description must contain all information prescribed by regulation.
7. The FEL/P must:
 - a. Print records as requested by an ATF officer.

- b. Make their records available for examination and inspection at all reasonable times, and in a manner that does not hinder the effective administration of the inspection process.
 - c. Ensure that any remote server used for storage of electronic records is located within the United States or its territories, and has a business premises within the United States or its territories subject to U.S. legal process.
 - d. If applicable, notify their respective ATF area office of the name and address of the host facility of any remote server used to store their electronic records within 30 days of contracting with, leasing from, or changing a host facility.
 - e. Retain all records in accordance with 27 CFR 555.121.
8. If the electronic recordkeeping system or database is used to maintain records for more than one Federal explosives license or permit (*e.g.*, if a single entity holds more than one license or permit), the records associated with each license or permit must be readily identifiable and not commingled with those of any other license or permit.

Held further, FEL/Ps who maintain electronic explosives records in accordance with the requirements set forth in this ruling are not required to obtain advance approval in accordance with 27 CFR 555.22, 555.122(d), 555.123(e), 555.124(e), or 555.125(b)(7).

Held further, FEL/Ps using a combination of electronic records and commercial invoices, or other paper documents, as required records must ensure that the required information for a particular transaction is fully contained in the same recordkeeping medium. As one example, dispositions of explosives by a dealer cannot be separated by keeping the date of disposition and the manufacturer's name or brand name in the computer, and all the other required information for that disposition on separate written documents.

Held further, if ATF finds an FEL/P has failed to abide by the conditions of this ruling, or uses any procedure that hinders the effective administration of the explosives laws or regulations, or if any legal or administrative difficulties arise due to the use of electronic records, or if the FEL/P's electronic records do not accurately and readily disclose the required information, ATF may notify the FEL/P that the FEL/P is no longer authorized to maintain explosives records electronically pursuant to this ruling.

Held further, this ruling supersedes ATF Ruling 2007-1 for maintaining electronic explosives records as required records under 27 CFR 555, Subpart G. FEL/Ps operating under ATF Ruling 2007-1 must comply with the terms of this ruling within 1 year of the date of approval. FEL/Ps

operating under a separate electronic recordkeeping variance must either request an updated variance within 1 year of the date of approval of this ruling, or comply with the terms of this ruling, to maintain records in electronic form.

Date approved: October 18, 2023

A handwritten signature in black ink, appearing to read "S M Dettelbach", is written over a horizontal line. The signature is enclosed in a hand-drawn oval.

Steven M. Dettelbach
ATF Director