Carriers, warehouses, cartmen and container stations that handle “in-bond” merchandise are required by U.S. Customs and Border Protection (CBP) to obtain an Activity Code 2 Bond. In accordance with 19 C.F.R. § 113.63, the custodial bond guarantees compliance with regulations relating to the receipt, carriage, safekeeping and disposition of merchandise not yet officially “entered” into U.S. commerce, and for which duties are still due. Once on file with CBP, the C2 bond is valid for all ports of entry. There are several steps that companies need to take, however, before obtaining their C2 bond:

**Step 1: Carrier Numbers**
The C2 bond covers multiple activities. Companies wishing to operate as a bonded carrier will first need a Standard Carrier Alpha Code (SCAC) from the National Motor Freight Traffic Association at www.nmfta.org.

**Step 2: Letter of Application to CBP**
Before operating as a custodian of bonded merchandise, companies must apply to their local port. Application requirements will vary by port and custodial type desired, and may include the payment of a processing fee. We recommend visiting www.cbp.gov to contact your local port, but typical applications should include:

1. Statement of your intent (i.e., “to operate as a bonded warehouse, bonded carrier, etc.”)
2. Overview of your operations (e.g., details on the merchandise you handle, including the maximum amount of duties owed at a given time and/or the number of trucks you operate.)
3. Detailed description of your facilities. Bonded warehouses must provide their exact location, blueprints showing measurements of the proposed bonded space, a certificate of fire insurance and the intended warehouse classification.
4. Articles of incorporation and a list of all corporate officers.
5. Customs certification that states, “I certify that the factual information contained in this application is true and accurate, and any information provided which is based upon estimates is based upon the best information available on the date of this application.”

CBP’s approval process can take several weeks. Please note that you will also need an importer number to conduct business with CBP – this is usually the IRS tax number for a business or an individual’s social security number. If you do not have either, include a CBP Form 5106 with your application to obtain a CBP Assigned Importer Number. Once your application is approved, CBP will provide a confirmation letter and the required bond amount. You can then obtain your C2 bond.

**Step 3: Secure Your C2 Bond**
C2 bonds are filed on the CBP Form 301. The surety will require the following for underwriting approval:

- Completed application/indemnity that notes the custodial type and is signed by a corporate officer or owner. You should also provide your letter of application to CBP and their confirmation. This provides the surety with key information about your company.
- Financial statements, including a balance sheet and income statement. With any bond underwriting, current financial strength is an important consideration.

After underwriting review and approval, your bond will be issued. We take a proactive approach to understanding CBP requirements and work to streamline bond issuance so you stay in compliance.

*For more information, contact your local Avalon office or visit [www.avalonrisk.com](http://www.avalonrisk.com).*