



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

MAY 28 2004  
In reply refer to:  
I-04/007038-P3

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: GPS/PPS Security Devices Sold FMS for Integration Into Host Application  
Equipment Note in Letters of Offer and Acceptance (DSCA 04-22)  
[SAMM E-Change 12]

REFERENCE: DoD 5105.38-M, "Security Assistance Management Manual" dated October 3, 2003

The Security Assistance Management Manual (SAMM) requires a specific note be included in all Letters of Offer and Acceptance (LOAs) regarding GPS/PPS – Hardware Security. The purpose of this memorandum is to provide LOA note wording to be used on FMS cases with certain NATO nations where GPS/PPS chips are being provided to a U.S. contractor for integration work to be performed at a U.S. location. This note does not alleviate the requirement for a third party transfer approval from the Department of State should the items go beyond a single transfer to one U.S. contractor.

The attached table provides specific text for this new note and indicates when the note should be included on LOAs, Amendments, and Modifications. This new note is incorporated in Table C5.T5. of the SAMM (SAMM E-Change 12) and should be used on any future cases.

The note requires that certain conditions be met before the GPS/PPS items in question can be transferred. The Military Departments and other Implementing Agencies who might provide GPS/PPS items should provide DSCA/P3-Weapons Division with information on how they will implement the requirements in this note.

This policy is not retroactive --- there is no need to do Modifications or Amendments to add this note to existing cases. LOAs, Amendments, and Modifications currently on hold by DSCA will be returned to the applicable Implementing Agency for incorporation of this note before countersignature. If you have any questions regarding this note, please contact Steve Harris, DSCA/P3-Policy and Plans Division, (703) 604-6611. For questions regarding GPS/PPS, please contact LTC James Gentile, DSCA/P3-Weapons Division, (703) 604-6622.

A handwritten signature in cursive script that reads "Freda J. Lodge".

Freda J. Lodge  
Director

Policy, Plans, and Programs

Attachment:  
As Stated

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**SAMM E-Change 12 – GPS/PPS Security Devices Sold FMS for Integration Into Host Application Equipment Note for LOA Documents**

Note Name	Note Usage*	Note Text
GPS/PPS Security Devices Sold FMS for Integration Into Host Application Equipment	Mandatory for LOAs, Amendments, and Modifications for all sales of GPS/PPS security devices for the purpose of integration into Host Application Equipment sold under a U.S. Direct Commercial Sale.	<p>“Pursuant to the Memorandum of Understanding Number IV Among and Between the Individual Nations of NATO and the United States Concerning the Navstar Global Positioning System, October 28, 1993, the Government of [Insert name of Government] may seek to acquire through commercial channels host application equipment (HAE). The PPS security devices for integration into the HAE (by the HAE contractor) must, however, be provided exclusively under this LOA. The PPS security devices and kits sold under this LOA may not be purchased through Direct Commercial Sale.</p> <p>The Foreign Purchaser has identified [Insert name of U.S. Contractor] as its integration and HAE contractor and has requested in writing that the U.S. Government deliver the PPS security devices and kits directly to [Insert name of U.S. Contractor] for integration work to be performed at a U.S. location.</p> <p>The United States Government will not deliver the PPS security devices and kits to [Insert name of U.S. Contractor] unless the following six (6) requirements are met:</p> <ol style="list-style-type: none"> <li>1. The contractor is a U.S. contractor.</li> <li>2. Only U.S. contractor personnel who are U.S. citizens may perform the integration work.</li> <li>3. The work must be performed in the United States.</li> <li>4. The U.S. contractor provides a copy of the approved export license from the U.S. State Department/DDTC for export of the HAE to the Foreign Government Purchaser, to the LOA implementing agency. To facilitate export license processing, the application to Department of State DDTC for an export license for the HAE should reference this FMS case for the sale of the PPS security devices and kits.</li> <li>5. The Foreign Government Purchaser should specify in the commercial contract with the U.S. Contractor that the contractor may not transfer the PPS security devices and kits provided under this LOA to any other party except to the Foreign Government Purchaser, and that the contractor should reference this FMS case in the application to State DDTC for an export license for the HAE.</li> <li>6. Any deviation from these procedures will require USG approvals, including from the Department of State.”</li> </ol>

\* The “Note Usage” column of this table is intended to show when the note should be included on an LOA, Amendment, and Modification. This table is NOT intended to show when an Amendment or a Modification should be used. See DoD 5105.38-M, “Security Assistance Management Manual,” Chapter 6, section C6.7. for information on determining which document is appropriate.