



**DEFENSE SECURITY COOPERATION AGENCY**  
2800 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-2800

15 MAR 2016

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR  
INTERNATIONAL AFFAIRS  
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR DEFENSE  
EXPORTS AND COOPERATION  
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR  
INTERNATIONAL PROGRAMS  
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY  
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE FINANCE  
AND ACCOUNTING SERVICE-INDIANAPOLIS OPERATIONS  
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY  
DIRECTOR, DEFENSE LOGISTICS AGENCY  
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE  
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION  
SERVICES  
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY  
DIRECTOR, MISSILE DEFENSE AGENCY  
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY  
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,  
NATIONAL SECURITY AGENCY

**SUBJECT:** Update to the Security Assistance Management Manual (SAMM) Appendix 6  
Adding a Mandatory Letters of Offer and Acceptance (LOA) Note Regarding  
Canadian Embedded Contractors, DSCA Policy 16-16, SAMM E-Change 303

The Canadian Department of National Defence and the U.S. Department of State have agreed that the word "employee" as used in LOA Standard Terms and Conditions entered into between Canada and the United States will include "embedded contractors" working within the Canadian Department of National Defence who meet the specifics of section 120.39 of the International Traffic in Arms Regulations (ITAR).

The conditions of this agreement apply if Canadian "embedded contractors" can be considered, as defined in section 120.39, as:

- (1) An individual permanently and directly employed by the company, or
- (2) An individual in a long term contractual relationship with the company where the individual works at the company's facilities, works under the company's direction and control, works full time and exclusively for the company, and executes nondisclosure certifications for the company, and where the staffing agency that has seconded the individual has no role in the work the individual performs (other than providing that individual for that work) and the staffing agency would not have access to any controlled technology (other than where specifically authorized by a license).

“Embedded contractors” are limited only to the day-to-day access to defense articles and are not in policy-level decision-making positions on Foreign Military Sales cases. This agreement does not affect the requirements for complying with U.S. national disclosure policy.

To implement this agreement, effective immediately, the following note will be applied by the Case Writing Division to all new LOAs offered to Canada, and to all Amendments or Modifications of existing cases for Canada that do not include it.

"Embedded contractors working for the Canadian Department of National Defence who meet the definition of “regular employee” in section 120.39 of the International Traffic in Arms Regulations (ITAR), are considered by the United States to be employees under section 3 of the Arms Export Control Act, as amended (AECA) and Section 2.4 of the LOA Standard Terms and Conditions."

For any questions regarding this policy, please contact Mike Slack DSCA/STR/SPI, at (703) 697-9058 or [micheal.d.slack.civ@mail.mil](mailto:micheal.d.slack.civ@mail.mil). The attached revision to Appendix 6 will be included in the on-line version of the Security Assistance Management Manual (SAMM) found on the DSCA Web Page as SAMM E-Change 303.



Robert Helfant  
Principal Director  
Strategy

Attachments:  
As stated

cc:

USAFRICOM  
USCENTCOM  
USEUCOM  
USNORTHCOM  
USSOUTHCOM  
USPACOM  
USTRANSCOM  
USSOCOM  
STATE/PM-RSAT  
USASAC  
SATFA  
TRADOC  
NAVSUPWSS  
NETSAFA

AFSAC  
AFSAT  
DISAM  
MARCORIP  
SCETC  
USCG International Affairs (G-CI)

## SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM), E-CHANGE 303

Add the following note to Appendix 6:

### Canadian “Embedded Contractors”

<b>Note Usage</b>
Mandatory for FMS LOAs offered to Canada Mandatory for all Amendments and Modifications that include material or services for Canada if the note was not included on the Implemented version of the case.
<b>References</b>
DSCA Policy 16-16
<b>Note Input Responsibility</b>
CWD
<b>Note Text</b>
"Embedded contractors working for the Canadian Department of National Defence who meet the definition of “regular employee” in section 120.39 of the International Traffic in Arms Regulations (ITAR), are considered by the United States to be employees under section 3 of the Arms Export Control Act, as amended (AECA) and Section 2.4 of the LOA Standard Terms and Conditions."