



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

21 SEP 2018

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 DEFENSE FINANCE AND ACCOUNTING SERVICE,
SECURITY COOPERATION ACCOUNTING
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
JOINT STRIKE FIGHTER PROGRAM

SUBJECT: Foreign Military Sales (FMS) Administrative Surcharge Rate Change Clarification,
DSCA Policy 18-48, E-Change 403

Reference: (a) Reduction to the Foreign Military Sales (FMS) Administrative Surcharge Rate,
Defense Security Cooperation Agency (DSCA) Policy Memo 18-27, E-Change 384

The referenced DSCA policy memorandum adjusted the FMS Administrative surcharge rate from 3.5% to 3.2% effective 1 June 2018. Included in this policy were implementation instructions on which Letters of Offer and Acceptance (LOAs), amendments, and modifications would be eligible for the new 3.2% surcharge rate.

Recent inquiries from the FMS community regarding the FMS Administrative surcharge rate implementation guidance that accompanied the DSCA policy memorandum necessitate clarification. The reduced surcharge rate of 3.2% will be applied to all new FMS and Building Partnership Capacity cases or new line items "accepted" after 1 June 2018. FMS cases and case line items that were "accepted" (LOAs and amendments) or "implemented" (modifications) prior to 1 June 2018 are not eligible for the new surcharge rate. After 1 June 2018, new requirements added to an existing case must utilize new case lines, and will reflect the effective surcharge rate of 3.2%.

Thank you for your continued support and assistance in executing our Security Cooperation programs. If you have questions or would like additional information, please contact Mr. Stephen Suh, DBO/FPA, Stephen.w.suh.civ@mail.mil, (703) 697-8899.

A handwritten signature in black ink, appearing to read "J. Aaron Harding". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

J. Aaron Harding
Acting Principal Director
Directorate of Business Operations