



DEFENSE SECURITY COOPERATION AGENCY

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07 JAN 2026

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 INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DIRECTOR, SECURITY COOPERATION ACCOUNTING
DIRECTORATE, DEFENSE FINANCE AND ACCOUNTING
SERVICE, INDIANAPOLIS OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY
NATIONAL MANAGER FOR NATIONAL SECURITY
SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: Defense Security Cooperation Agency Policy Memorandum 25-108, Bank Letter of
Credit Requirements for Supplementation of National Funds [SAMM E-Change
798]

Effective immediately, this memorandum updates policy in the Security Assistance Management Manual (SAMM) to revise the required value of a Bank Letter of Credit (BLOC) for partners utilizing a Letter of Credit (LC) to supplement national funds. Specifically, this memorandum establishes that a partner must secure an LC for a dollar value no less than the difference between the Total Case Value and the amount the partner intends to pay from national funds. The policy in the attachment is incorporated into the SAMM at <https://samm.dsca.mil>.

If you have questions on this memorandum, please contact DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) at dsca.ncr.obo.list.fpre-fp@mail.mil. Please reference the DSCA policy number and memorandum subject. For general questions about the SAMM, please contact DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at dsca.ncr.spp.mbx.epa@mail.mil.

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Brian Watford
Acting Chief Operating Officer and
Chief Financial Officer
Defense Security Cooperation Agency

Attachment: SAMM E-Change 798 - Bank Letter of Credit Requirements for Supplementation of National Funds

Security Assistance Management Manual E-Change 798

Bank Letter of Credit Requirements for Supplementation of National Funds

1. Update SAMM Section C9.7.1.2.1.2.1.:

From:

C9.7.1.2.1.2.1. Requirements. In order to utilize an LC as a supplement to national funds payments required under applicable LOAs, the partner must be eligible for and utilizing DU or RAPS and secure an LC with a dollar value no less than the amount the partner intends to pay directly from national funds over the lifetime of the case. The partner must maintain six months of available cash, based on the 12 month average disbursement, at all times. Partners with a Special Bill must maintain an available cash level no less than one half the cash reserve requirement built into its Special Billing Arrangement (SBA). The cash requirement is in addition to the LC. The partner is responsible for ensuring the funds are transferred from the bank to their FMS Trust Fund at the time they receive the DD 645 quarterly bill, or the DSCA Special Bill.

To:

C9.7.1.2.1.2.1. Requirements. In order to utilize an LC as a supplement to national funds payments required under applicable LOAs, the partner must 1) be eligible for and utilizing DU or RAPS; ~~and 2)~~ secure ~~or maintain~~ an LC with a dollar value of no less than the ~~difference between the Total Case Value and the~~ amount the partner intends to pay directly from national funds over the lifetime of the case; ~~and 3) The partner must at all times~~ maintain six months of available cash ~~in its FMS Trust Fund account;~~ based on ~~the its~~ 12-month average disbursement, ~~excluding any funds reserved within the letter of credit at all times.~~ Partners with a Special Bill must maintain an available cash level no less than one half the cash reserve requirement built into its Special Billing Arrangement (SBA). ~~This~~ cash requirement ~~is in addition to~~ must be satisfied in order for a partner to utilize an ~~the~~ LC as a supplement to national funds payments. Furthermore, the partner is responsible for ensuring the funds are transferred from the bank ~~that issued its LC to their~~ its FMS Trust Fund at the time ~~they it~~ receives the DD 645 quarterly bill, or the DSCA Special Bill.