



DEFENSE SECURITY COOPERATION AGENCY

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18 December 2025

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
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DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
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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 25-96, Update to
Dependable Undertaking Grandfather Status and Monitoring [SAMM E-Change
791]

Reference: Defense Security Cooperation Agency, DoDD 5105.38-M Security Assistance
Management Manual, [Section C9.8.3.3.2. "Grandfathered Dependable Undertaking"](#)

This memorandum removes the term "Grandfathered" from the Security Assistance Management Manual (SAMM) in reference to the Dependable Undertaking (DU) term of sale. It also establishes a quarterly review to assess the timeliness of a Foreign Military Sales (FMS) partner's payments, ensuring they meet the eligibility criteria of their prescribed terms of sale as outlined in the SAMM.

FMS partners are granted terms of sale that allow payments in accordance with a payment schedule (e.g. DU, Risk Assessed Payment Schedules, and Credit Assured Payment Schedules), rather than full upfront payments (Cash with Acceptance), only when the partner demonstrates a clear ability and willingness to make timely payments in accordance with SAMM policy. To ensure continued eligibility for the DU term of sale, DSCA will conduct quarterly reviews of FMS partner's payment timeliness. A partner's DU status may be revoked based on the results of these reviews. Separately, DSCA may recommend retaining DU status after considering additional factors, such as the amount of national funds in the trust fund compared to

average monthly disbursements, the use of special bills, and the status of available monthly cash balances.

If you have questions on this memorandum, please contact the 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 the 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 T. Watford
Acting Chief Operating Officer and Chief Financial
Officer

Attachment: SAMM E-Change 791 – Update to Dependable Undertaking Grandfather Status and Monitoring

Security Assistance Management Manual E-Change 791

Update to Dependable Undertaking Grandfather Status and Monitoring

1. Update SAMM Section C9.8.3.3.2.:

From:

C9.8.3.3.2. Grandfathered Dependable Undertaking. Allows Partners with ICRAS ratings that have fallen below the eligibility threshold to maintain DU eligibility so long as they are making payments as required and maintaining an active FMS program that demonstrates an ability to pay. Should a grandfathered Partner's program fall into a period of inactivity, then DU will be ceased. For this purpose, a period of inactivity means no record of national fund payments for seven consecutive years.

To:

C9.8.3.3.2. Grandfathered Dependable Undertaking Payment Timeliness. Allows Foreign Military Sales (FMS) partners approved for DU must make complete and timely payments to remain in good standing with DU policy and to retain the use of the term of sale. Partners with ICRAS ratings that ~~have fallen~~ below the ~~eligibility~~ requisite threshold for ~~to~~ maintaining DU eligibility ~~so long as they are making payments as required and maintaining an active FMS program that demonstrates an ability to pay~~ may continue to utilize the DU term of sale as long as they continue to demonstrate an ability to pay by making timely payments and maintaining active FMS programs. ~~Should a grandfathered Partner's program fall into a period of inactivity,~~ Repeated missed payments, consistent partial payments, or inactive programs will result in the loss of ~~then~~ DU eligibility ~~will~~ for future LOAs with the partner ~~be ceased~~ (refer to Section C9.8.3.6. for additional guidance on termination of DU). For this purpose, a period of inactivity means no record of national fund payments for seven consecutive years. ~~If the partner meets the eligibility requirements specified in Section C9.8.3.2.,~~ their term of sale can be reviewed by DSCA (OBO/FPRE) upon request of an approved organization such as DSCA, the Security Cooperation Organization (SCO), or the partner itself.

2. Update SAMM Section C9.8.3.3.2.1.:

From:

C9.8.3.3.2.1. Monitoring Grandfathered Status. DSCA (OBO/FPRE) will review and evaluate grandfathered countries and organizations every seven years to ensure the appropriateness of continuing the grandfathered DU status. DSCA (OBO/FPRE) will review the ICRAS rating changes over the course of the seven-year period and the DSCA (OBO/FPRE) Country Finance Director (CFD) will advise of any issues with timely

payments. DSCA (OBO/FPRE) will consult with State on its recommendations for any DU status changes. The final recommendations will be sent to the DSCA CFO for a decision on whether it is appropriate to continue the grandfathered country or organization's DU status. The monitoring period ends December 31 every seventh year.

To:

C9.8.3.3.2.1. Monitoring ~~Grandfathered~~ Payment Status. The DSCA (OBO/FPRE) Country Finance Director (CFD) will, on a quarterly basis and not less than once annually, review and evaluate ~~grandfathered the partner's~~ payment timeliness ~~countries and organizations every seven years~~ to ensure the ~~appropriateness~~ financial viability of maintaining ~~the grandfathered DU status~~ any term of sale that provides a payment schedule (i.e. DU, RAPS, CAPS). The DSCA CFD will coordinate with the appropriate IA, if needed, to further discuss missing or late payments for cases specific to the IA. DSCA (OBO/FPRE) will review ~~the~~ ICRAS rating changes ~~over the course of the~~ within the last seven-years period and ~~the DSCA (OBO/FPRE) Country Finance Director (CFD)~~ will ~~advise of~~ identify any issues with timely and complete payments or a change in eligibility as outlined in Section C9.8.3.2. DSCA (OBO/FPRE) will consult with State and the IAs on its recommendations for any DU status changes. The final recommendations will be sent to the DSCA CFO for a decision on whether it is appropriate to maintain the ~~grandfathered country or organization's~~ partner's DU status from a financial risk perspective. ~~The monitoring period ends December 31 every seventh year.~~