



DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

01 APR 2026

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
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DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
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DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
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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 26-16, Update to
Foreign Military Financing of Direct Commercial Contracts [SAMM E-Change
810]

References: [Public Law 117-328](#), Consolidated Appropriations Act, 2023, 29 December 2022

Effective immediately, this memorandum authorizes the North Atlantic Treaty Organization (NATO) and major non-NATO allies to use Foreign Military Financing (FMF) for Direct Commercial Contracts (DCCs), in accordance with the reference above. The policy in the attachment is incorporated into the DSCA Security Assistance Management Manual (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 T. Watford
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Attachment: SAMM E-Change 810 - Update to Foreign Military Financing of Direct
Commercial Contracts

Security Assistance Management Manual E-Change 810

UPDATE TO FOREIGN MILITARY FINANCING OF DIRECT COMMERCIAL CONTRACTS

1. Update Section C9.7.3.:

From:

C9.7.3. Foreign Military Financing of Direct Commercial Contracts. DCCs are contracts where the purchaser enters into a contract directly with a vendor, and the USG is not a party to the contract. The AECA allows the ten countries justified in the Fiscal 1989 Congressional presentation to use their FMF allocation to finance DCCs. The ten countries eligible are: Israel, Egypt, Jordan, Morocco, Tunisia, the Republic of Turkiye, Portugal, Pakistan, Yemen, and Greece. DSCA (IOPS/REX) DCC Manager approves DCCs to be financed with FMF on a case-by-case basis. For further details on the DCC process, contractor eligibility, types of items, and certifications required, see "Foreign Military Financing Of Direct Commercial Contracts" on the [DSCA webpage](#).

To:

C9.7.3. Foreign Military Financing of Direct Commercial Contracts. DCCs are contracts where the purchaser enters into a contract directly with a vendor, and the USG is not a party to the contract. **A foreign partner's FMF allocation from an approved year may be used to fund a DCC, but only if the partner meets specific eligibility criteria, and the conditions laid out in the annual Department of State appropriations language are fulfilled. Section 23(h) of the Arms Export Control Act (AECA) (22 U.S.C. 2763(h)) and the annual Department of State appropriations legislation provide the authority to utilize FMF to fund DCCs for certain foreign partners. Initially, the annual Department of State appropriation granted the authority to use FMF for DCCs to ten specific countries, as justified in the FY 1989 Congressional Presentation for Security Assistance: Israel, Egypt, Jordan, Morocco, Tunisia, the Republic of Turkiye, Portugal, Pakistan, Yemen, and Greece. The FY 2023 State Appropriation later expanded this authority, extending eligibility for FMF-funded DCCs to all NATO members and Major Non-NATO Allies. Military Groups (MILGPS)/SCOs should consult with the Department of State's Bureau of Political-Military Affairs, Office of Security Assistance (PM/SA), to confirm eligibility prior to engagement with the foreign partner on a DCC.** ~~The AECA allows the ten countries justified in the Fiscal 1989 Congressional presentation to use their FMF allocation to finance DCCs. The ten countries eligible are: Israel, Egypt, Jordan, Morocco, Tunisia, the Republic of Turkiye, Portugal, Pakistan, Yemen, and Greece. The DSCA (IOPS/REX) DCC Manager, with State (PM/SA) concurrence, approves DCCs to be financed with FMF on a case-by-case basis. Approval requires a legally binding agreement between the partner and the U.S. Government and is subject to the standard Congressional Notification process for FMF, as outlined in the annual Department of State appropriations bill. For further details on the DCC process, contractor eligibility, types of items, and certifications required, see "Foreign Military Financing of Direct Commercial Contracts" on the [DSCA webpage](#).~~