

Glossary

A

Adjudication

The phase of the FOCI process where the information received from the company is reviewed and evaluated to determine what security measures will need to be put in place in order for the company to be eligible for an FCL.

Annual Certificate

An annual certificate to be provided to the Defense Security Service that the resolution and all attached schedules are true and correct as of the date of each respective certification.

Annual Implementation and Compliance Report

A report generated by a company under a mitigation agreement that lists events, activities, obligated processes, and acts of noncompliance that happened during the reporting period.

B

BR

Board Resolution. A legally binding document from the company's governing board acknowledging any foreign interests (i.e. foreign investors, debt holders, etc.) and denying them access to classified information.

C

Convertible debentures

Bonds which the holder can exchange for shares of voting stock.

CFIUS

Committee on Foreign Investment in the United States. An inter-agency committee authorized to review proposed mergers, acquisitions, or takeovers that could result in control of a U.S. business by a foreign interest in order to determine the effect of such transactions on the national security of the U.S.

D

DSS

Defense Security Service.

E

ECP

Electronic Communications Plan.

EDGAR

Electronic Data Gathering, Analysis, and Retrieval database. The SEC's electronic filing system that makes SEC filings publically available.

E-FCL

DSS's electronic system whereby companies are processed for Facility Security Clearances.

F

FCL

Facility Security Clearance.

FOCI

Foreign Ownership, Control, or Influence. A state in which a contracting agency may find itself in, that may impede its ability to be granted a Facility Security Clearance. The agency will be considered under FOCI if a foreign entity has control, direct or indirect and whether or not exercised, over decisions that affect the management or operation of the organization.

FOCI action plan

A method applied to negate or mitigate risk of foreign ownership or control. Also referred to as mitigation instrument. Includes SCA, SSA, PA, VTA, and BR.

FOCI Mitigation

The instruments and agreements put in place to reduce the effect of FOCI on a company's management decisions, and thus reducing the risk of unauthorized access to classified information.

FSO

Facility Security Officer. Company employee responsible for the oversight of access to classified information and processing security clearances.

FOCI Process

The actions taken by DSS to ensure a company is not under FOCI to such a degree that granting the FCL would be inconsistent with the national interest thus rendering a company eligible for a FCL. The process has four phases: Identification, Adjudication, Mitigation, and Review.

FOCI Signatory Company

The legal entity that signed the FOCI Mitigation Instrument, typically the corporate or home office.

G

GCA

Government Contracting Activity. The element of an agency that has authority regarding acquisition functions.

GSC

Government Security Committee. A permanent subcommittee of the board of directors made up of the Outside Directors and any directors that hold personnel security clearances.

H

I

Inside Director

The representative appointed by the foreign interest (directly or indirectly) to serve on the Board of a SSA or SCA company. These individuals are formally excluded from access to classified information and their participation in the management of the company is limited to the extent allowed by the mitigation agreement.

IS Rep

Industrial Security Representative. DSS employee that serves as the liaison between the company and DSS and has overall industrial security oversight of the company.

ISSP

Information System Security Professional.

J

K

KMP

Key Management Personnel. Company personnel who make key management decisions (generally individuals listed within corporate documents); includes but not limited to board of directors, officers, executive personnel, partners, regents, trustees, senior management officials, and other officials as determined by DSS. KMP must be

granted PCLs or be excluded from access to classified information.

KMP Exclusion Resolution

Resolution adopted by the company's governing body in which the governing body agrees to exclude certain officers or directors who do not require access to classified information. This may be implemented for representatives of a foreign parent organization.

L

M

Mitigation Agreement

An arrangement between DSS and the contracted company that puts in place restrictions to reduce the effect of the FOCI. Also referred to as FOCI action plan. Includes SCA, SSA, PA, and VTA.

Mitigation Instrument

Security countermeasures that help to reduce the risk of FOCI. Also referred to as FOCI action plan. Mitigation instruments are put in place by the contracted company with approval from DSS. Includes BR.

N

NID

National Interest Determination. A written statement by the GCA affirming the release of proscribed information to accompany operating under a SSA will not harm the national security interests of the United States.

NISPOM

National Industry Security Program Operating Manual. Outlines the baseline procedures government contractors will be expected to comply with in order to protect classified information.

NISP

National Industry Security Program.

O

OGC

Office of General Counsel.

P

Proscribed Information

Top Secret (TS), COMSEC material, excluding Controlled Cryptographic Items when

unkeyed or utilized with unclassified keys, Restricted Data (RD), Special Access Program (SAP), and Sensitive Compartmented Information (SCI).

PA

Proxy Agreement. A mitigation agreement in which the foreign owner relinquishes most of his or her rights of ownership. All voting rights are transferred to individuals who have no prior involvement with the foreign owner or the company.

Q

R

S

SF 328 (Certificate Pertaining to Foreign Interests)

A 10-question survey designed to help identify the presence of FOCI in an organization, and provides the basis around which the FOCI analysis process is organized. Completed using e-FCL.

Schedule 13D

Discloses a change update in beneficial ownership of certain registered equity securities.

Schedule 13G

Abbreviated version of Schedule 13D.

SEC

Security and Exchange Commission. Government agency that enforces financial security laws.

SSA

Special Security Agreement. A security agreement that may be imposed in cases of *majority* foreign ownership or control. Foreign owner has a voice in the management of the business through an Inside Director. The SSA is the most common mitigation agreement.

SCA

Security Control Agreement. The mitigation generally used when a company is not effectively owned or controlled by a foreign interest and the foreign interest is nevertheless entitled to representation on the company's governing board. The foreign owner still maintains his or her voice in the management of the business but is denied access to classified or controlled information.

Street Names

The term for securities held in the name of a broker or other nominee as opposed to being held by the actual owner of the certificate.

T

TCP

Technology Control Plan.

TCO

Technology Control Officer.

Total Capital Commitment

The total amount of money a company has raised through investors.

U

V

VTA

Voting Trust Agreement. The most restrictive mitigation agreement. Under a VTA, the foreign owners transfer ownership of the company to trustees.

W

X

Y

Z
