
Defense Security Service

Industrial Security Field Operations



Change Conditions Reporting Job Aid

Version 1.2

May 3, 2016



In accordance with paragraph 1-302g of the National Industrial Security Program Operating Manual (NISPOM), cleared contractors are required to report certain changes affecting the facility clearance (FCL) to the Defense Security Service (DSS). This Job Aid serves as a resource to inform cleared contractors of:

1. What type of company changes to report to DSS.
2. When to report a change.
3. What documentation to provide when reporting a change.

This job aid assists security personnel with practical guidance for Change Conditions reporting. It does not replace or modify directions found in the NISPOM, or Industrial Security Letters issued by DSS. Questions about the information in this Job Aid should be addressed to your assigned Industrial Security Representative (IS Rep).

Who Do I Report a Change To? In all cases, cleared contractors must notify the IS Rep of reportable changes.

Note: It is helpful to contact the IS Rep by phone or email in order to alert them of an upcoming Change Condition package in the Electronic Facility Clearance system (e-FCL). E-FCL is the official system of record for reporting Change Conditions.

When Do I Report a Change? As soon as a reportable change has been identified, immediately contact your IS Rep. It is imperative DSS receive timely Change Condition reports so DSS may process the change efficiently. Failure to report a known Change Condition may have an adverse impact on the FCL and could lead to invalidation. DSS realizes that certain changes cannot be reported prior to occurrence. In these cases, a responsible official - usually the Facility Security Officer (FSO) - must make timely contact with the IS Rep upon learning of the change.

How Do I Report a Change? When a reportable change has been identified, cleared contractors must submit a Change Condition package in e-FCL. *Note: In those rare cases where an initial FCL package may not have been submitted, the initial package submission should include a description of the reportable change(s).* If your facility has accredited information systems, include your Information Systems Security Professional (ISSP) on correspondence with your IS Rep.

Your company's business structure will affect what documentation must be submitted. In general, DSS reviews the charter and governance documentation of a business (e.g. By-Laws, Operating Agreement, Meeting Minutes, etc.) to validate and confirm the reported change. Be prepared to submit such documentation to DSS. DSS grants FCLs to the following business structures: Corporation, Limited Liability Company (LLC), Partnership, Sole Proprietorship, and College/University. *Note: In the case of a joint venture (JV), you should submit the documentation required for the form of legal entity (i.e., Corporation, LLC, partnership) the JV members have established to accomplish the JV's business objectives.*

What Are Some Examples of Changes to Report? Often, one change within the company may have rippling effects leading to several reportable Change Conditions.

Examples include:

- "My company was bought out. We're now a wholly-owned subsidiary and are re-locating." In this case, you would report an **Ownership Change** and **Address Change**. Additionally, you *may* need to report changes in **Key Management Personnel (KMP) Operating Name**, or other changes, as necessary.
- "Our company's legal name changed to include a new owner. We were formerly known as Smith & Smith, LLC, but now we are Smith, Smith & Jones, LLC." In this case you would report an **Operating Name Change**, **Key Management Personnel (KMP) Change**, and **Ownership Change**.



What Are the Requirements for Specific Types of Change Conditions? Per NISPOM 1-302g, the types of reportable Change Conditions (with examples) are listed below. Click on each type to learn about specific requirements when reporting a change to DSS. *Note: Hyperlinks appear in light blue.*

Ownership – Page 3

- “The President of our company sold 51% of his shares to his wife.”
- “We were bought by another company and are now a wholly-owned subsidiary.”
- “One of the Directors increased his company ownership from 10% to 25%.”

Legal Structure – Page 6

- “We were formerly a corporation, but now we are a limited liability company.”

Operating Name – Page 7

- “Our company’s legal name changed from ABC, Inc. to XYZ, Inc.”

Address – Page 8

- “Our office is moving from Washington, D.C. to Richmond, VA.”

Key Management Personnel (KMP) – Page 9

- “We have a new Vice President.”
- “I’m a Facility Security Officer and retiring soon. Our new FSO will assume duties next week.”
- “Our Chairman of the Board is retiring next month.”
- “We elected two new Directors to the Board of Directors.”

FCL Termination – Page 13

- “We no longer have any contracts that require access to classified information.”
- “Our company is closing its doors and going out of business.”

Bankruptcy – Page 14

- “My company is filing for Chapter 13 bankruptcy.”

Foreign Ownership, Control, or Influence (FOCI) – Page 15

- “We, or our parent entity, were bought by another company ultimately owned by a foreign company, foreign person, or foreign government.”
- “We, or our parent entity, sold a portion of our company to a foreign investor.”
- “We, or our parent entity, are entering into discussions with a foreign entity which may lead to the replacement of those responsible for binding or steering the direction of the company by a foreign entity or foreign person.”
- “We, or our parent entity, are involved in a transaction under review by the Committee on Foreign Investment in the United States (CFIUS).”
- “John Peak (U.S. citizen) was one of two members on our Board of Directors. He has been replaced by Terry Director (U.K. citizen).”

Note: In very rare cases, your company may experience a CAGE code change which is typically tied to a Change Condition listed above. All cleared contractors in the NISP are required to maintain an active CAGE code; DSS recommends contacting your IS Rep directly to report this change.

What Happens Next? After DSS receives all required documentation (examples are outlined in the sections below), DSS will process the Change Condition. DSS may request additional information. This is why it is *very important* to provide DSS with all information and supporting documentation as soon as possible. And continue reporting Change Conditions!



Ownership

A change in the ownership of a cleared facility can have a profound effect on the FCL. DSS will first verify that the ownership change has not adversely affected the facility's eligibility for an FCL. Ownership changes may include new individual owners or new parent/company owners. Ownership changes may result in a [Key Management Personnel Change](#). In the event of a merger, DSS will focus on the surviving entity and its ownership. With every ownership change, the facility must submit records that provide DSS a clear picture of the new ownership, including documents with legal effect such as purchase agreements, and shareholder agreements.

Some business sales, such as those accomplished as an asset sale, may require novation of contracts to the new business that will be responsible for performance of the classified contracts. Note that novation is a contractual decision and is the responsibility of the contracting officer at the Government Contracting Activity (GCA). DSS has no say in the novation process. If novation is approved, the company that will be responsible for performing on the classified contracts will be required to execute new FCL forms if it does not already have an FCL (see list of required documents below).

TIP

Because every business transaction is unique, this Job Aid cannot address the FCL implications of every potential acquisition, merger, or reorganization, and it does not provide legal or tax advice. Contact your IS Rep for additional questions related to the reporting of this type of Change Condition.

Reporting requirements for some common types of ownership changes:

1. **Individual Owner(s)**: If the ownership change involves individuals, as opposed to companies, DSS will determine whether the new owner(s) require clearance(s) in connection with the FCL (as may be the case for general partners or when a new owner will be serving as the senior management official) or whether there is an impact to the DSS assessment of foreign ownership, control, or influence based on any revisions to the [Certificate Pertaining to Foreign Interests \(SF 328\)](#).
2. **Parent/Company Owner**: If the ownership change includes a new uncleared parent organization, DSS will determine whether the parent should be cleared or excluded from the requirements to be granted an FCL.
 - If the Parent should be cleared, your IS Rep will advise the facility of the Facility Clearance Process.
 - If the Parent can be excluded, your IS Rep will advise the facility of exclusion procedures and how to complete the Excluded Entity process.
3. **Public to Private/Private to Public**: Companies transitioning from privately held to publicly traded, or vice versa, should immediately notify their IS Rep for submission requirements.

TIP

It is important to be mindful that an Ownership Change may also require reporting additional changes such as: Key Management Personnel (KMP) Change, Operating Name Change, Address Change, Foreign Ownership, Control, or Influence (FOCI) Change, or even an FCL Termination.



Ownership (continued)

Required documents to be submitted via e-FCL:

- Updated Stock Ledger (Corporation), Operating Agreement (LLC), Partnership Agreement, or similar documentation identifying ownership interests
 - Provide any updated business charter or governance documents, such as new Articles of Incorporation and By-Laws (Corporation), Certificate of Formation and Operating Agreement (LLC), Joint Venture Agreement, or Partnership Agreement (Partnership).
- Updated Organizational Chart including:
 - Ownership percentages;
 - Rights of owners or investors to appoint members of Boards of Directors or members of other governance bodies; and
 - Include CAGE code and FCL level of all entities identified in the Organizational Chart

TIP

Organizational charts that clearly define all elements of the business structure by full name, citizenship and percentage of ownership will experience more efficient processing in contrast to those charts with missing information .

Recommended Action:

- Submit Meeting Minutes (via e-FCL) when actions regarding ownership changes were taken at board meetings
- FSOs should routinely review company filings with regulators (such as the Securities and Exchange Commission) to maintain awareness of any ownership or control changes in their organization. The FSO should immediately report any previously unreported changes meeting reporting thresholds to DSS.

ITEMS TO CONSIDER

If the Ownership change results in a change to the [Certificate Pertaining to Foreign Interests \(SF 328\)](#), refer to the [Foreign Ownership, Control, or Influence \(FOCI\) Section](#) of this Job Aid for additional guidance.

If an Ownership change requires novation, upload a current DD Form 254 as prompted in e-FCL. Continue to work with your GCA(s) to obtain updated DD Form 254s, and provide them to DSS.

TIP

Due to the potential complexity of organizational structures, contractors with one or more parent organizations should contact their IS Rep to identify additional documentation for the Change Condition report. Refer to the [FCL Orientation Handbook](#) for information regarding required documentation for parent organization(s).



Legal Structure

Changing a company's legal structure is reportable to DSS. In this case, legal structure refers to the type of business entity, such as Corporation, Limited Liability Company, Partnership, College or University, or Sole Proprietorship.

TIP

In most cases, changing the Legal Structure also necessitates an update to the Key Management Personnel and Operating Name. For example, formal titles expressed in business documentation are usually different for corporations than for LLCs. Therefore, you may need to update the KMP List with new business titles or personnel. Refer to additional sections in this job aid as necessary to ensure you have completed all updates to FCL documentation (e.g. DD Form 441, SF 328, KMP List).

Required documents to be submitted via e-FCL:

- Updated business charter or governance documents, such as new Articles of Incorporation and By-Laws (Corporation), Certificate of Formation and Operating Agreement (LLC), Joint Venture Agreement, State Charter (University), or Partnership Agreement (Partnership).
- Updated Stock Ledger, Shareholder's Agreement, or similar documentation identifying ownership interests.
- Updated Organizational Chart including:
 - Ownership percentages;
 - Rights of owners or investors to appoint members of Boards of Directors or members of other governance bodies; and
 - Include CAGE code and FCL level of all entities identified in the Organizational Chart.
- Most recent Meeting Minutes.

Recommended Action:

- Update your record, as necessary, in the System for Award Management (SAM)

TIP

Organizational charts that clearly define all elements of the business structure by full name, citizenship and percentage of ownership will experience more efficient processing in contrast to those charts with missing information.



Operating Name

Company legal or operating name changes are reportable to DSS.

Required documents to be submitted via e-FCL:

- Updated [Security Agreement \(DD Form 441\)](#);
 - For cleared branch offices: Updated [Addendum to the Security Agreement \(DD Form 441-1\)](#)
 - *Note: A pen-and-ink change is not acceptable for either document in the case of a name change. A new form must be executed.*
- Updated [Certificate Pertaining to Foreign Interests \(SF 328\)](#);
- Updated business documentation that shows the official name change or updated record in your company's state registration website; and
 - Examples: Updated Business Certificate from your state government, Updated By-Laws, or Correspondence signed by the Senior Management Official
- Fictitious Name or Doing Business As (d.b.a.) Certificate (if applicable).

Recommended Actions:

- Update your record in the System for Award Management (SAM) database, as necessary.
- It is important that DSS maintains current FCL documentation for all cleared facilities, including cleared branch offices. When new DD Forms 441 and 441-1 have been executed, DSS requests that companies send copies to all affected DSS Field Offices in a timely manner. Therefore, DSS recommends that the security officer at the Home Office Facility (HOF) of a Multiple Facility Organization (MFO) work with branch office FSOs to ensure all DSS offices with an interest in the company's home office or branch offices receive the updated documentation.
- Note: Companies operating under a FOCI mitigation agreement should contact their IS Rep or DSS HQ FOCI action officer for guidance on how the name change will have to be reflected in the company's FOCI mitigation agreements.



Address

Company relocation to a new physical location is a reportable change to DSS. It is necessary to provide your IS Rep with advanced notice of the move. If your facility safeguards classified information, there are additional procedures that must be taken prior to the physical move.

Depending on the nature of the address change, your facility may be re-assigned to a new DSS Field Office. DSS will inform companies of their new Field Office and IS Rep. The DSS Field Offices/Areas of Responsibility can be [found here](#).

Required documents to be submitted via e-FCL:

- Updated business documentation with the official address change;
 - Examples: Correspondence signed by the Senior Management Official, updated Business License, revised registrations filed with state or local regulatory authorities.
- Updated [Security Agreement \(DD Form 441\)](#);
 - For cleared branch offices: Updated [Addendum to the Security Agreement \(DD Form 441-1\)](#)
 - *Note: Your IS Rep may authorize one pen-and-ink change to the address on the DD Form 441 and/or DD Form 441-1. Contact your IS Rep to determine if updating the form with a pen-and-ink change is acceptable or if a new form must be executed.*
- Updated [Certificate Pertaining to Foreign Interests \(SF 328\)](#); and
- **For Possessing Facilities Only:** Keep your IS Rep informed and aware of the projected timelines and anticipated physical controls at the new location. Depending on the storage requirements specified in the DD Form 254, your IS Rep may schedule an on-site meeting to evaluate the new location for safeguarding controls before the transfer of classified material. Transportation Plans should identify who, what, when, where, and how the facility will transfer classified material from the former location to the new location. Include as much detail as possible to paint a clear picture of the transfer. Your IS Rep will review the Transportation Plan to verify the classified material will be protected at all times.

Recommended Actions:

- Update your record in the System for Award Management (SAM) database.
- It is important that DSS maintains current FCL documentation for all cleared facilities, including cleared branch offices. When new DD Forms 441 and 441-1 have been executed, DSS requests that companies send copies to all affected DSS Field Offices in a timely manner. Therefore, DSS recommends that the security officer at the Home Office Facility (HOF) of a Multiple Facility Organization (MFO) work with branch office FSOs to ensure all DSS offices with an interest in the company's home office or branch offices receive the updated documentation.



Key Management Personnel (KMP)

Key Management Personnel changes are reportable to DSS.

Examples of when to report a KMP Change:

- A change to the current KMP List;
- A new or updated company position which requires addition to the KMP List; and
- Removal of a KMP.

The KMP List identifies those persons who, because of the position they occupy at the company, are required to be eligible for access to classified information at the level of the FCL, such as the President or CEO, Board Chair, Facility Security Officer (FSO), Insider Threat Program Senior Official (ITPSO), and those additional company personnel who have significant control or influence over the operations of the company or over the company's performance of classified contracts. At a minimum, the KMP List should include persons who are formally appointed as officers, directors, partners, LLC members or managers, regents, or trustees and whose positions or roles are identified in business documentation (such as By-Laws or Operating Agreements).

DSS will review your company's business documentation and compare the official positions identified in the business documentation to your KMP List. Therefore, it is critical that the business documentation match the KMP List. In addition, DSS may determine that additional persons who have significant control or influence at the company should be identified as KMP, regardless of whether they were appointed by a Board of Directors or similar governance body. An example of significant control includes the authority to manage day-to-day operations of classified contracts. In all cases, DSS analyzes business documentation and authorities of personnel within the cleared company to validate the accuracy of the KMP List. Each company is different, so there is not a "one-size-fits-all" approach. Work closely with your IS Rep if you require assistance when completing the KMP List.

For operational purposes, DSS identifies KMP in one of two categories:

1. **Essential KMP:** Those persons who are required to be cleared in connection with the facility clearance. In other words, the granting or continuation of the company's FCL requires that each of these personnel have a current personnel security clearance (PCL). These persons must each hold a PCL at the same or higher level as the FCL. At a minimum, this includes the Senior Management Official, ITPSO, and FSO (NISPOM 2-104).
 - a. Example: A Chief Operating Officer who has direct control and influence over day-to-day operations of classified contracts.
2. **Non-Essential KMP:** Those persons who are not required to be cleared in connection with the facility clearance. In other words, the granting or continuation of the FCL **does not** depend on those persons having been granted a PCL. Non-essential KMP may be cleared or uncleared, depending on their duties. These KMP may, and should, be formally excluded from access to classified information through execution of an **Exclusion Resolution**, if their job duties do not require access to classified information. Non-essential KMP may, however, be cleared if they require access to classified information to perform their duties for the company.
 - a. Example: The Corporate Secretary, who has been formally identified in the By-Laws and appointed by the Board of Directors, does not require access to classified information for daily job duties. Additionally, this person does not hold any other positions of authority that provide an opportunity to affect the overall business or classified contracts. Based on these circumstances, DSS considers this Corporate Secretary a non-essential KMP, will not need to be cleared, and can be effectively excluded from access to classified information by formal resolution.



Key Management Personnel (KMP) (continued)

In rare cases, a company that has been granted an FCL may need to temporarily deny an Essential KMP access to classified information while that individual is in-process for an appropriate PCL. In this case, work with your IS Rep to discuss options to maintain the company’s FCL while the PCL for the Essential KMP is in-process. Include the **Temporary Exclusion Resolution(s)** in the Change Condition package.

On the KMP List, include all titles identified in the business documentation for the individuals. If an individual holds more than one title, list all titles (i.e. John Doe is the President, Treasurer, and FSO). **For all business structures, a Senior Management Official must be identified. This designation can vary from company to company.** For Non-Essential KMP, **do not** include the individual’s Social Security Number (SSN), Date of Birth, Place of Birth, and Citizenship. Only include full legal name and title(s).

Business Structure	Common List of KMP*
Corporation	<ul style="list-style-type: none"> Chairman of the Board¹ CEO/President¹ Vice President Secretary Treasurer Board of Directors Facility Security Officer (FSO)¹ Insider Threat Program Senior Official (ITPSO)¹
LLC	<ul style="list-style-type: none"> Member(s) (In a member-managed LLC, the member with dominant authority must be cleared. When all members in a member-managed LLC have equal rights, all members must be cleared.) Manager(s)¹ (In a manager-managed LLC, the head of the Board of Managers, or the person serving as the senior management official, must be cleared) Facility Security Officer (FSO)¹ Insider Threat Program Senior Official (ITPSO)¹
Sole Proprietorship	<ul style="list-style-type: none"> Owner¹ Facility Security Officer (FSO)¹ Insider Threat Program Senior Official (ITPSO)¹
General Partnership ²	<ul style="list-style-type: none"> General Partners¹ Head of Management Committee¹ Facility Security Officer (FSO)¹ Insider Threat Program Senior Official (ITPSO)¹
College/University	<ul style="list-style-type: none"> President/Provost/Chancellor¹ Regents/Trustees/Directors Facility Security Officer (FSO)¹ Insider Threat Program Senior Official (ITPSO)¹
Branch Office of a Multiple Facility Organization (MFO)	<ul style="list-style-type: none"> Local Management Official¹ Local Facility Security Officer (FSO)¹ Insider Threat Program Senior Official (ITPSO)¹

* For companies operating under a FOCI Mitigation Instrument, KMP Lists may include additional KMP such as Outside Director, Inside Director, Proxy Holder, or Voting Trustee.

¹ Indicates this person is an Essential KMP.

² In a Limited Partnership, Limited Partners only require a PCL if they impact classified contract performance. The Common List of KMP for a Limited Partnership would mirror a General Partnership.



Key Management Personnel (KMP) (continued)

[Sample KMP List for Corporation](#)

[Sample KMP List for LLC](#)

[Sample Exclusion Resolution](#)

[Sample Temporary Exclusion Resolution](#)

Common Errors:

1. Identifying the Assistant Facility Security Officer (AFSO) on the KMP List. This position is not required to appear on the KMP List.
2. Identifying a position on the KMP List not identified in business documentation (e.g., By-Laws or Operating Agreement), *and* does not have significant control over company matters or classified contracts. Do not include these personnel on the KMP List, unless DSS directs it. For example, the Vice President of Marketing who cannot obligate the company and does not appear in the company By-Laws should most likely *not* appear on the KMP List.
3. Forgetting to include KMP on the KMP List. DSS often identifies omitted positions on the KMP List. For example, a KMP List often does not include all positions identified in the By-Laws. Make sure to identify all officers such as President, Vice President, Secretary, and Treasurer, when those positions are identified in charter or governance documentation as official company positions. In short, if a position is identified in charter or governance documentation and has been filled, identify this position on the KMP List!
4. Many times one individual holds multiple positions. Remember to include all titles for each person on the KMP List.
5. Typos! Double-check your responses, especially SSNs. PCL requests with incorrect SSNs can experience major processing delays.
6. Remember to check the "Is FSO?" box in e-FCL to identify the FSO when completing the electronic KMP List.
7. Remember to identify ownership percentages in e-FCL when completing the electronic KMP List.
8. Duplicating KMP identified on the Home Office Facility's KMP List and Branch Office KMP List. Since the Branch Office's FCL is an extension of the HOF's FCL, it is only necessary to include the local Senior Management Official(s) and local FSO on the Branch Office KMP List.
9. Remember to specify the individual's full middle name, not simply the middle initial. Persons without a middle name should show "NMN" in lieu of a middle name.

See next page for more information regarding required documents to be submitted via e-FCL.

TIP

If doing business as a joint venture, your company will be formed as one of the legal entities described on Page 10. Base your KMP list on the type of legal entity under which your JV is operating.



Key Management Personnel (KMP) (continued)

Required documents to be submitted via e-FCL:

- Updated business documentation such as By-Laws, Operating Agreement, Meeting Minutes, Appointment Letter, and/or an email from the SMO that appoints the new KMP;
- Updated KMP List (as generated in e-FCL) including:
 - Essential KMP
 - ALL titles/positions in accordance with charter or governance documentation
 - Full first, middle, and last names
 - If no middle name, state “NMN”
 - “KMP Required to Be Cleared for this Facility” Check Box
 - Security Clearance Issuer and Clearance Level
 - Social Security Number
 - Date of Birth
 - Place of Birth (City, State, Country)
 - Citizenship (or Dual Citizenship, if applicable)
 - % Ownership (if applicable)
 - FSO Check Box (if applicable)
 - ITPSO Check Box (if applicable)
 - Non-Essential KMP
 - ALL titles/positions in accordance with business documentation
 - Full first, middle, last names
 - If no middle name, state “NMN”
 - “Excluded” Check Box (if applicable)
 - Exclusion Date (if applicable)
 - Security Clearance Issuer and Clearance Level (if applicable)
 - % Ownership (if applicable)

TIP

Report any changes to the KMP List (e.g. name, citizenship, PCL level, exclusion status, etc.).

Recommended Actions:

- If a new Senior Management Official was appointed, include the individual’s phone number and email address in the comments section of the e-FCL package.



FCL Termination

Note: An e-FCL Change Condition package is not required for this type of change.

When a cleared contractor no longer has a valid need to access classified information in connection with a legitimate U.S. Government or foreign government requirement, has gone out of business, or has ceased to operate the business under any circumstances, this is a reportable change to DSS. Immediately contact your IS Rep to begin the process to terminate the FCL and, if applicable, to properly dispose of any classified material at your facility.

If your facility possesses classified information, the IS Rep will likely conduct an on-site closeout assessment to verify all classified material has been disposed of properly. Contact your Government Contracting Activity (GCA) or Prime Contractor to determine how to properly dispose of classified information still in your company's possession.

Required documents:

- Written notification to DSS that the business is closing.
- If your business is **not** closing, but your company no longer has classified contracts and has no immediate prospect of receiving any classified contracts, submit written notification to your IS Rep. This will normally result in an administrative termination of the FCL. If, at any time after administrative termination of the FCL, the company has a new requirement for access to classified information, the company may be re-sponsored for a facility clearance.



Bankruptcy

Due to the complex nature of bankruptcies, contact your IS Rep directly to report a bankruptcy filing. Begin gathering bankruptcy documentation to provide to DSS upon request. Include the type of bankruptcy (i.e., Chapter under which the bankruptcy petition was filed), whether a trustee or administrator has been appointed, and that person's contact information.



Foreign Ownership, Control, or Influence (FOCI)

Changes that affect the **Certificate Pertaining to Foreign Interests (SF 328)** may be reportable to DSS. For specific directions, refer to **ISL 2009-03** to determine whether the change to information reported on your SF 328 constitutes a material change that must be reported to DSS. If reportable, review the required documents below. *Note: NISPOM 1-302.g.(5) also requires your company to provide a detailed letter to DSS when entering into discussions, consultations or agreements that may reasonably lead to effective ownership or control by a foreign interest.* It is critical to inform your IS Rep of any potential ownership or control by a foreign interest, since it may impact your FCL and require a new or amended FOCI Mitigation Instrument. Unmitigated FOCI could result in invalidation or termination, as DSS cannot grant or continue an FCL if DSS determines that the company is under such a degree of FOCI that granting or continuing the FCL is inconsistent with the national interest. *Due to the potential complexity of FOCI scenarios and cases, this Job Aid only provides a very general overview of how to report this type of change. For additional assistance, contact your IS Rep.*

Required documents to be submitted via e-FCL:

- Detailed letter to DSS when entering into discussions, consultations or agreements that may reasonably lead to effective ownership or control by a foreign interest
- Updated **Certificate Pertaining to Foreign Interests (SF 328)**;
- Supporting documentation that further explains the level and details of FOCI. Examples include:
 - Organizational Chart including:
 - Ownership percentages, and countries where owners are chartered as businesses, or where the owners, if natural persons, are citizens.
 - Rights of owners or investors to appoint members of Boards of Directors or members of other governance bodies
 - Include CAGE code and FCL level of all entities identified in the Organizational Chart
 - Updated KMP List
 - Copy of Schedule 13D (if applicable)
 - Charter, governance and operational documents, as follows (DSS may request additional documents depending on the details of the Change Condition):

Corporation	LLC	Partnership
<ul style="list-style-type: none"> • Corporation Stock Ledger indicating stockholder name(s), citizenship, and overall percentage(s) of ownership • Articles of Incorporation • By-Laws • Minutes of any recent board meetings where changes in ownership were discussed 	<ul style="list-style-type: none"> • Members List and overall percentage(s) of capital commitment • Manager name(s) and citizenship • Articles of Organization • Operating Agreement 	<ul style="list-style-type: none"> • Partnership List with limited partner/general partner name(s), citizenship (or country where chartered when the partner is a business), and description of partnership interests of each partner • Certificate of Partnership • Partnership Agreement

TIP

Organizational charts that clearly define all elements of the business structure by full name, citizenship and ownership percentage will experience more efficient processing in contrast to those charts with missing information.



Foreign Ownership, Control, or Influence (FOCI) (continued)

Common Errors:

1. Not providing a detailed explanation to a question marked “YES”.
2. Incorrectly marking “YES” to answers that should be marked “NO”.
3. Not including all required information with the SF 328 as described in the [SF 328 instructions](#).
4. Not providing the SF 328 for the highest-tier uncleared parent if uncleared U.S. parent companies exist above the cleared company. On that particular SF 328, include pertinent information for all U.S. tiers above the cleared company.

TIP

Due to the potential complexity of organizational structures, contractors with one or more parent organizations should contact their IS Rep to identify the additional documentation to be submitted with the Change Conditions report. You may reference the [FCL Orientation Handbook](#) as a guide for required documentation for parent organization(s).

[Click to Return to KMP Section](#)

OFFICIAL USE ONLY (WHEN COMPLETED)

KEY MANAGEMENT PERSONNEL (KMP)

Individuals are Essential KMP based on company positions. (Chairman of the Board, President/CEO, and FSO/ITPSO). They are required to be cleared at the level of the FCL.

Individuals have multiple positions/titles.

LEGAL COMPANY NAME AND PHYSICAL ADDRESS OF FACILITY LOCATION: Company ABC, Inc.
123 Main Street, Rochester, NY 14607

INDIVIDUAL'S COMPLETE NAME	ALL COMPANY TITLES/POSITIONS HELD BY IDENTIFIED INDIVIDUAL	DATE/PLACE OF BIRTH (CITY/STATE)/ CITIZENSHIP (U.S., OTHER, DUAL)	SOCIAL SECURITY NUMBER	IDENTIFY INDIVIDUAL'S SECURITY CLEARANCE(S) LEVEL, ISSUING U.S. GOVERNMENT AGENCY(ies) OR EXCLUSION AND DATE
John Mark Peak	Chairman of the Board	01/01/1960 / Oak Bluffs, Massachusetts, United States / United States	XXX-XX-XXXX	Top Secret
Ryan Craig Tops	President, CEO, Treasurer, Director	05/27/1961 / Washington, District of Columbia, United States / United States	XXX-XX-XXXX	Top Secret
Rick Thomas Green	Vice President, Director, Facility Security Officer (FSO), Insider Threat Program Senior Official (ITPSO)	08/11/1962 / Springfield, Virginia, United States / United States	XXX-XX-XXXX	Top Secret
Julie Elizabeth McKnight	Corporate Secretary			Excluded, 31-Dec-2015

Always identify FSO and ITPSO on the KMP List. In some cases, this may be the same person.

Do not include PII (DOB, POB, Citizenship, SSN) for Non-Essential KMP.

Individual was determined to be a Non-Essential KMP. In addition, the individual does not require access to classified information. Individual still needs to be identified on the KMP List but has been excluded.

As a reminder, Non-Essential or Essential KMP who are foreign persons should be correctly reported on the SF 328!

(NOTE: SEE INSTRUCTIONS REGARDING COMPLETING THIS FORM)

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[Click to Return to KMP Section](#)

KEY MANAGEMENT PERSONNEL (KMP)

This is a Member-managed LLC, as defined in the company's Operating Agreement. This Member has majority ownership.

Individuals are both Essential KMP based on company positions. (Member and FSO/ITPSO). They are required to be cleared at the level of the FCL.

LEGAL COMPANY NAME AND PHYSICAL ADDRESS OF FACILITY LOCATION: Company XYZ, LLC

321 Main Street, Rochester, NY 14607

INDIVIDUAL'S COMPLETE NAME	ALL COMPANY TITLES/POSITIONS HELD BY IDENTIFIED INDIVIDUAL	DATE/PLACE OF BIRTH (CITY/STATE)/ CITIZENSHIP (U.S., OTHER, DUAL)	SOCIAL SECURITY NUMBER	IDENTIFY INDIVIDUAL'S SECURITY CLEARANCE(S), LEVEL, ISSUING U.S. GOVERNMENT AGENCY(ies) OR EXCLUSION AND DATE
Henry Joseph Rose	Managing Member	01/01/1960 / Oak Bluffs, Massachusetts, United States / United States	XXX-XX-XXXX	Secret
Richard Moses Green	Facility Security Officer (FSO), Insider Threat Program Senior Official (ITPSO)	08/11/1962 / Springfield, Virginia, United States / United States	XXX-XX-XXXX	Secret
William Matthew Steinberg	Member			Excluded, 01-Jan-2016

Always identify FSO and ITPSO on the KMP List. In some cases, this may be the same person.

Do not include PII (DOB, POB, Citizenship, SSN) for Non-Essential KMP.

Individual was determined to be a Non-Essential KMP based on evaluation of company's Operating Agreement and minority ownership in the company. In addition, the individual does not require access to classified information. Individual still needs to be identified on the KMP List but has been excluded.

As a reminder, Non-Essential or Essential KMP who are foreign persons should be correctly reported on the SF 328!

(NOTE: SEE INSTRUCTIONS REGARDING COMPLETING THIS FORM)