



DEPARTMENT OF STATE

22 CFR Parts 122, 123, 124, 126, and 130

[Public Notice: 13021]

RIN 1400-AF94

International Traffic in Arms Regulations (ITAR): Part 130 Changes to Reduce Reporting Burden

AGENCY: Department of State.

ACTION: Proposed rule.

SUMMARY: In support of the policy directed in Executive Order 14268 to reduce rules and regulations involved in the development, execution, and monitoring of foreign defense sales and of arms transfer cases, the Department of State proposes to amend the International Traffic in Arms Regulations (ITAR) to modernize and streamline reporting on certain political contributions and fees or commissions.

DATES: Send comments on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Interested parties may submit comments to the Department by any of the following methods:

- Visit the *Regulations.gov* website at: <https://www.regulations.gov> and search for the docket number **DOS-2026-0562**.
- *Email:* DDTCPublicComments@state.gov. Commenting parties must include RIN 1400-AF94 in the subject line of the email message.

Comments received after that date may be considered if feasible, but consideration cannot be assured. Those submitting comments should not include any personally identifying information they do not desire to be made public or information for which a

claim of confidentiality is asserted, because any such claim will be deemed waived and comments and/or transmittal emails may be made publicly available. Parties who wish to comment anonymously may do so by submitting their comments via www.regulations.gov, leaving the fields that would identify the commenter blank and including no identifying information in the comment itself.

FOR FURTHER INFORMATION CONTACT: Rob Hart, Office of Defense Trade Controls Policy, Department of State, email DDTCCustomerService@state.gov;

SUBJECT: International Traffic in Arms Regulations: Part 130 Changes to Reduce Reporting Burden (RIN 1400-AF94).

SUPPLEMENTARY INFORMATION: The Department of State's Directorate of Defense Trade Controls (DDTC) administers the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130). The regulations implement certain authorities of the Arms Export Control Act (AECA) (22 U.S.C. 2751 et seq.) delegated to the Secretary of State pursuant to Executive Order 13637. In accordance with 5 U.S.C. 553(b)(4), a summary of this rule may be found at www.regulations.gov.

In accordance with § 39(a) of the AECA (22 U.S.C. 2779(a)), the Secretary of State requires "adequate and timely reporting on political contributions, gifts, commissions and fees paid, or offered or agreed to be paid," in connection with the sale or export of certain defense articles, defense services, and design and construction services, under AECA §§ 22, 29, 38, and 38(j)(1)(C)(i) (22 U.S.C. 2762, 2769, 2778, and 2778(j)(1)(C)(i)) to or for the armed forces of a foreign country or international organization. Part 130 of the ITAR implements AECA § 39(a), governing the reporting of covered political contributions and fees or commissions, and related recordkeeping.

While AECA § 39 references "political contributions, gifts, commissions and fees," the ITAR defines "Fee or commission" and "Political contribution" at § 130.5 and § 130.6,

respectively, to collectively include the reference to “gifts,” as well as two terms not explicit in the statute, “loan” and “donation.” In this preamble, the Department will use the phrase “political contributions and fees or commissions” to encompass the collective activities defined in those two sections and implementing the text of AECA § 39(a). Similarly, in this preamble, the Department will use the term “payment” to include gifts, loans, donations, and in-kind transactions.

Pursuant to § 130.9(a), an applicant (as defined in § 130.2) must inform DDTC as to whether the applicant or its vendors (as defined in § 130.8) have paid, or offered or agreed to pay, in respect of any sale: (1) political contributions in an aggregate amount of \$5,000 or more; or (2) fees or commissions in an aggregate amount of \$100,000 or more. If an applicant or their vendors has paid, or offered or agreed to pay, such payments relating to a qualifying transaction, the applicant must report to DDTC the information specified in § 130.10 (herein referred to as a “part 130 report”). Reporting this information to DDTC, or providing a satisfactory explanation as to why the information cannot be reported at that time, is a condition precedent to the granting of the relevant license or approval. Similarly, under § 130.9(b), a supplier (as defined in § 130.7) must also inform DDTC as to whether the supplier or its vendors have paid, or offered or agreed to pay, political contributions or fees or commissions in the same amounts. If so, the supplier must submit a part 130 report to DDTC “no later than 30 days after the contract award to such supplier, or such earlier date as may be specified by the Department of Defense.”

The Department proposes to amend part 130 and related sections of the ITAR to reduce the reporting burden on the regulated community by raising the threshold value to which part 130 requirements apply and the aggregate totals that require reporting, to streamline the reporting process by consolidating submissions to an annual report, and to

create a more efficient system for both the regulated community and the Department by introducing a standardized form.

Background

The Department last raised the threshold value for defense articles or defense services to which the requirements in part 130 apply (herein referred to as the “value threshold”) from \$250,000 to \$500,000 on July 22, 1993 (58 FR 39280). The Department now proposes to raise the value threshold from \$500,000 to \$1,000,000. To determine the new threshold amount, the Department used the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) to assess the cumulative impact of inflation since 1993. According to the CPI calculator on the Bureau of Labor Statistics website (https://www.bls.gov/data/inflation_calculator.htm), \$500,000 in July 1993 would have the same buying power as \$1,140,434.78 in January 2026. The proposed value threshold increase, from \$500,000 to \$1,000,000, is rounded down from the calculated adjustment for inflation to maintain a memorable number for compliance for the regulated community, while modernizing the requirement.

The Department also proposes to raise the aggregate total of political contributions that must be reported to DDTC from \$5,000 to \$10,000, as reflected in proposed paragraphs § 130.9(a)(1) and (c)(1). Additionally, the Department proposes to raise the aggregate total of fees or commissions that must be reported to DDTC from \$100,000 to \$200,000, as reflected in proposed paragraphs § 130.9(a)(2) and (c)(2). Increasing these amounts by 100% would maintain the 1:100 ratio between the aggregate total of political contributions and the value threshold for defense articles or defense services (currently \$5,000 to \$500,000; proposed \$10,000 to \$1,000,000) and the 1:5 ratio between the aggregate total of fees or commissions and the value threshold (currently \$100,000 to \$500,000; proposed \$200,000 to \$1,000,000). Furthermore, the Department would raise the miscellaneous payment thresholds in § 130.10(c)(1) and

(c)(2) to half of the proposed aggregate totals in order to maintain the 1:2 ratio between those values. The threshold below which a payment may be labeled a miscellaneous political contribution would increase from \$2,500 to \$5,000 and the threshold below which a payment may be labeled a miscellaneous fee or commission would increase from \$50,000 to \$100,000.

In addition to the proposed updates to the value and payment thresholds in part 130, the Department proposes to streamline the reporting process altogether to improve efficiency and reduce common reporting errors. The current requirement that an applicant's part 130 report accompany an application for authorization and a supplier's part 130 report be submitted within 30 days of contract award, or as specified by the Department of Defense, can result in applicants and suppliers reporting estimated and forecasted payments, and offers and agreements of payments, particularly those which may be contingent upon a future license or contract award, or various other factors. These estimates may or may not be updated with accurate values in a supplementary report. The supplementary report, for example, may not always clarify whether it was submitted to make a correction to a previously reported payment or to add an additional payment, leading to duplicative reporting. In other cases, DDTC has received part 130 reports that include information on political contributions or fees or commissions collectively described as "paid, or offered or agreed to be paid," failing to indicate whether a particular fee has been paid or whether it was only offered or agreed to be paid.

The lack of consistency and standardization of part 130 reports received by the Department impacts the accuracy of the reports provided to Congress pursuant to AECA § 36(a). As such, in order to produce the information required by § 36(a), the Department must conduct an extensive manual review of every report it receives from the regulated community.

The Department's position is that "adequate and timely" reporting required by AECA § 39(a) can be achieved through an annual submission process as proposed by this rule. The revisions to the ITAR proposed by this rule would not only improve the ease of compliance with the requirements of part 130, but would also improve the reporting process for the regulated community and the accuracy of the resulting information collected by the Department.

Analysis

In 2020, the Department initiated a review of the process for reporting political contributions and fees or commissions to determine how to improve the information collected pursuant to part 130 in order to better inform the Department and Congress. To support this effort, the Department tasked the Defense Trade Advisory Group (DTAG), a federal advisory committee, with proposing recommendations to address challenges related to reporting and compliance with part 130. Based on the DTAG's recommendations and the Department's own analyses, the Department determined that duplicative reporting across multiple programs or products, over-reporting based on estimates, and the absence of a standard form affect the accuracy of the information.

The Department intends to improve the process for reporting pursuant to part 130 by proposing a new form to standardize submissions and changing to a single report that would be submitted to DDTC at the time of an applicant's or supplier's annual registration renewal under part 122 of the ITAR. A supplier that is not registered with DDTC under part 122 would report by the end of the federal fiscal year, September 30. The Department would no longer require a statement regarding part 130 to be made in an application for authorization under ITAR parts 123, 124, and 125; thus, the section relating to compliance with part 130 would be removed from the DSP-5, DS-6004, and DSP-85 forms.

The new part 130 annual reporting form would include distinct fields for applicants and suppliers to provide payments and offers or agreements, and, for example, to indicate repeating entries, allowing industry to better communicate different or unique scenarios, such as recurring payments and offers across multiple sales. Currently, DDTC receives part 130 reports under the approved information collection “Statement of Political Contributions, Fees, and Commissions Relating to Sales of Defense Articles and Defense Services” (OMB Control Number: 1405-0025), without a standard form. For this reason, DDTC receives submissions in various formats with inconsistent levels of detail, requiring significant labor to manually process the information for congressional reports and compliance purposes. The inconsistent formatting and information reported often requires DDTC to contact the applicant or supplier with questions or clarifications. A standardized form would reduce errors during the initial submission process, decreasing the need for the Department to follow-up with applicants or suppliers.

The standardized form would improve the reporting process and the accuracy of the information collected by the Department. The proposed change to an annual submission would enable applicants and suppliers to review the previous 12 months of relevant activity and report based on what has occurred during that time, rather than on forecasts or estimates. Finally, consolidating reporting into a single annual submission would simplify the reporting process for entities managing numerous reports across multiple programs or subsidiaries.

Proposed Implementation

An applicant or supplier that pays, or offers or agrees to pay, political contributions or fees or commissions in aggregate totals specified in § 130.9 would still be required to furnish that information to DDTC. Instead of furnishing the information with a request for authorization under parts 123, 124, and 125, or within 30 days of a contract award to a supplier, as under the current regulations, the Department proposes

that information be furnished in an annual report submitted to DDTC with the applicant's or supplier's registration renewal. If a supplier is not registered with DDTC, the report would be due by September 30 of the relevant year (to coincide with the closing of the Department financial year). The requirement for the annual report is described in proposed paragraphs § 130.9(a) and (c). If an applicant or supplier does not pay, or offer or agree to pay, political contributions or fees or commissions in qualifying aggregate totals during a reporting period, the applicant or supplier would not be required to furnish an annual report for that period. If a vendor elects to furnish information directly to DDTC under § 130.12(c), the vendor would submit such report at the time of the vendor's annual registration renewal; if a vendor is not registered with DDTC pursuant to part 122, the report would be due by the end of the federal fiscal year, September 30.

If an applicant or supplier needs to correct or amend a previous report or submit a report for a previous reporting period, proposed § 130.11 would contain two reporting requirements distinct from the proposed annual submission—a supplementary report and an interim report. Under the proposed regulations, a supplementary report would only be required as described in proposed paragraphs (a)(1) and (a)(2). A supplementary report described in proposed paragraph (a)(1) would be required when new information, or a subsequent development, necessitates an amendment, correction, or supplement to an annual report that was already furnished to DDTC for a previous reporting period. Subsequent developments that would necessitate a supplementary report include, for example: an applicant discovering that a payment made during a previous reporting period was not included in the appropriate report; or a payment actually made is substantially different than the previously reported estimate. A supplementary report described in proposed paragraph (a)(2) would be required if DDTC requests additional information regarding miscellaneous payments.

The requirement in current paragraph (a)(1) for applicants and suppliers to submit a supplementary report to DDTC when certain political contributions or fees or commissions not previously reported are paid, or offered or agreed to be paid, in connection with a sale for which the applicant or supplier has previously been required to furnish information, would no longer be necessary because that information would be captured in the annual reporting requirement. For that reason, proposed paragraph (a)(1) would replace the current paragraph (a)(1). Under the proposed regulations, an applicant or supplier would submit an annual report to DDTC that includes information on payments, or offers or agreements to pay, that have occurred since the date of their most recent part 130 report, even if, for example, previous payments were reported with respect to that same authorization in a prior year.

An interim report, as described in proposed paragraphs (c) and (d), would be required when new information creates an obligation for an applicant or supplier to furnish an annual report to DDTC for a previous reporting period and the applicant or supplier did not furnish an annual report to DDTC for that period. New information that would necessitate an interim report includes, for example, an applicant discovering that its vendors have paid a commission with respect to a qualifying sale in an amount that required a report to DDTC, after the applicant renewed its registration and did not submit a report.

Both a supplementary report under (a)(1) and an interim report under (c) would be required to be furnished to DDTC within 30 days of discovering the new information or subsequent development. A supplementary report under (a)(2) would be required to be furnished to DDTC within 30 days of the request from DDTC.

If an applicant or supplier ceases to operate, or their registration expires, the Department would require a part 130 report be submitted to DDTC within 30 days of their registration expiration date or within 30 days of the cessation of operations, to

include all information since their last report. In the case of a merger or acquisition of registrants, the parent, acquiring entity, or new entity that maintains the registration number would be responsible for reporting all of the information required under part 130 not yet been reported by the absorbed or acquired entity. The parent, acquiring entity, or new entity would be required to make an initial part 130 report of the absorbed or acquired entity's information no later than six months after the effective date of the merger or acquisition. The parent, acquiring entity, or new entity would be able to report at the time of its registration renewal, if that renewal occurs within six months of the effective date of the merger or acquisition. After the initial report of the absorbed or acquired entity's information, the parent, acquiring entity, or new entity would then be required to report all subsequent activities for any and all subsidiaries with the annual submission during its registration renewal. In the event an entity is sold or restructured more than once in the six-month time period, the obligation to report its prior information to DDTC within six months of the effective date of the original merger or acquisition would remain with the original parent, acquiring entity, or new entity. Each new purchaser or new entity would be required to report all historical information for absorbed or acquired entities not yet been reported to DDTC.

General Revisions

In addition to the proposed substantive changes, the Department takes this opportunity to propose additional revisions to continue the Department's ITAR reorganization efforts initiated by 87 FR 16396 (Mar. 23, 2022). In keeping with those efforts, the Department further proposes to clarify, organize, and eliminate duplicative text throughout the ITAR in sections that are within part 130 and those that reference part 130. The following proposed revisions incorporate both substantive changes and reorganization efforts; however, where there is purely a clarifying or organizational revision and no change in policy or scope of the regulation, it will be indicated as such.

The Department notes that there are other minor changes in part 130 that will be addressed in a future rulemaking; as such, the Department does not address those minor changes here.

Throughout part 130, the Department proposes to remove each reference to “license or approval” and add in its place “authorization.” This revision is to make consistent references to licenses and the controlled activities for which they are issued and does not implement a change in policy or regulation. The Department proposes to revise acronyms and initialisms in part 130 to follow a standard format. Where a single term for which there is a known acronym appears on more than two occasions within any one section, the first instance is followed by a parenthetical containing the acronym and subsequent use of the term is by acronym. This provides consistency of format without sacrificing clarity and limits unnecessary text.

Section-Specific Revisions

The Department proposes to amend § 122.4 by adding note 3 to paragraph (c), which would reference the six-month part 130 reporting requirement applicable to mergers and acquisitions, in order to assist industry with the new requirement. Section 123.1 would be amended by removing paragraph (c)(6) in order to remove the requirement that a statement concerning the payment of political contributions and fees or commissions accompany an application for permanent export. Switching to an annual report would eliminate the need for this statement to be included in an application for authorization. For the same reason, the Department also proposes to amend § 124.12(a)(6) by striking the last sentence that requires letters of transmittal to include a statement pursuant to part 130.

The Department proposes to amend § 126.16 and § 126.17 (exemptions that implement the Defense Trade Cooperation Treaty between the United States and Australia and the Defense Trade Cooperation Treaty between the United States and the

United Kingdom, respectively), to revise paragraph (m) relating to political contributions and fees or commissions in both sections. The Department proposes to remove the reference to “§ 130.10” and add in its place “§ 130.9,” and to remove the threshold amount. Section 130.10 specifies the information that is required to be submitted to DDTC, while § 130.9 contains the relevant obligation to report to DDTC. The obligation to furnish the information specified in § 130.10 exists only for defense articles or defense services valued at the threshold amount defined in part 130, thus adequately conveying the requirements and making the specific references in §§ 126.16-.17 to both the information that must be reported and the threshold unnecessary.

In § 130.2, the Department proposes to clarify within the definition of “applicant” that an applicant includes a person who applies for authorization, who is issued authorization, and a person who utilizes or plans to utilize one of the exemptions implementing the Defense Trade Cooperation Treaties in § 126.16 or § 126.17. In §§ 130.2, 130.7, and 130.8, the Department proposes to increase the \$500,000 threshold to \$1,000,000 for the reasons explained in this preamble. The Department proposes to move the section defining “political contribution” from § 130.6 to § 130.5 and the section defining “fee or commission” from § 130.5 to § 130.6, to match the order in which the terms are used in the AECA and their initial implementation in the ITAR (41 FR 40608 (Sept. 16, 1976)). This proposed revision is organizational and would not impact the scope of the definitions.

The Department proposes to revise the section headings for § 130.9 and § 130.10, to simplify and better describe the contents in each section. The proposed changes to these section headings would not impact the scope of the regulations. The section heading for § 130.9 would be revised from “Obligation to furnish information to the Directorate of Defense Trade Controls.” to “Annual reporting requirement.” The section heading for § 130.10 would be revised from “Information to be furnished by applicant or supplier to

the Directorate of Defense Trade Controls.” to “Required information.” In § 130.9 through § 130.12, the Department proposes to add a unique paragraph heading for each paragraph to indicate its subject—a standard convention to assist readers with the regulations.

Additionally, in § 130.9, the Department proposes the following revisions in order to implement the substantive changes discussed herein and also reorganize and clarify existing text:

- Restructuring paragraph (a), which describes the applicant’s obligation to report information to DDTC, to mirror the structure of the paragraph regarding the supplier’s obligation to report to DDTC (current paragraph (b)) by redesignating current paragraphs (a)(1), (a)(1)(i), and (a)(1)(ii), as paragraphs (a), (a)(1), and (a)(2); and subsequently removing paragraphs (a)(1)(i) and (a)(1)(ii).
- Raising the aggregate total for political contributions in proposed paragraph (a)(1) from \$5,000 to \$10,000 and the aggregate total for fees and commissions in proposed paragraph (a)(2) from \$100,000 to \$200,000 for the reasons discussed in the preamble.
- Redesignating current paragraph (a)(2) as new paragraph (a)(3).
- Removing the text requiring applicants and suppliers to furnish the information specified in § 130.10 to DDTC from the paragraph setting the aggregate threshold for reporting fees or commissions (proposed paragraphs (a)(2) and (c)(2)) and placing it into its own paragraph (proposed paragraphs (b) and (d)). This text would also be revised to reflect the annual reporting process.
- Redesignating current paragraph (b)—the obligation for suppliers to report to DDTC—as paragraph (c); redesignating current paragraph (c)—relating to the

computation of political contributions—as new paragraph (e) and revising for clarity; and redesignating current paragraph (d)—the obligation to furnish new information to DDTC—as new paragraph (f).

- Revising new paragraph (f) to indicate that when an applicant or supplier discovers new information about a previous reporting period, the applicant or supplier may be required to submit a supplementary or interim report pursuant to § 130.11.
- Adding new paragraph (g) regarding reporting requirements when there is a registration expiration, cessation of operations, merger, or acquisition.
- Adding new paragraph (h) to require applicants and suppliers to submit the report using the new standardized form provided by DDTC and to submit the form using a system accessible through the DDTC website.

The Department proposes to amend § 130.10 by making editorial revisions to the introductory text in paragraph (a) for clarity, and adding the requirement that the part 130 report be signed by a senior officer (e.g., chief executive officer, president, secretary, partner, member, treasurer, general counsel) who has been empowered by the applicant or supplier to sign such documents. The Department also proposes to add new paragraph (e), which would require that the part 130 report include a certification that the submission is complete and accurate made by the senior officer. Currently, part 130 reports are generally submitted with an application for authorization, which requires a signature and certification from an empowered official. The proposed paragraphs (a) and (e) would maintain a similar requirement as part of the new form proposed herein. The Department also proposes to revise paragraph (a)(1) to require that the part 130 report include the DDTC authorization number, applicable exemption, or Department of Defense contract or case number, and the end-item associated with the sale. Because part 130 reports would no longer be provided with the request for authorization, the

Department would instead collect the authorization number and a description of the end-item through the annual submission. Similarly, the Department would collect the applicable ITAR exemption or the Department of Defense contract or case number, in order to associate the relevant transaction with the annual submission. Additionally, the Department proposes to revise the introductory text in paragraphs (a)(4) and (b) to remove the reference to a “statement,” because the information would be provided in the proposed submission form, rather than a statement. The Department proposes to update the miscellaneous payment thresholds in paragraphs (c)(1) and (c)(2) for the reasons described in the preamble.

The Department proposes revisions to § 130.11 to modify supplementary reporting and create a new type of interim reporting as described in the preamble above. Accordingly, the section heading would be revised from “Supplementary reports.” to “Supplementary and interim reports.” Current paragraph (a)(1)—which requires applicants and suppliers to submit a supplementary report to DDTC when certain political contributions or fees or commissions not previously reported are paid, or offered or agreed to be paid—would be duplicative with an annual submission process; therefore, the text of that paragraph would be removed. For the same reason, the Department proposes to redesignate paragraph (a)(2) as paragraph (a)(1) with revisions described above, redesignate paragraph (a)(3) as paragraph (a)(2), and remove paragraph (a)(3).

Additionally within § 130.11, the Department proposes to remove both current paragraphs (b)(1) and (b)(2) because the text in paragraph (b)(1) can be incorporated into proposed paragraph (b) and the required information listed in paragraph (b)(2) would be required in proposed § 130.10. New paragraphs (c) and (d) would be added to require the interim reporting process as described above. New paragraph (e) would be added to clarify that furnishing a supplementary report or an interim report under § 130.11 does

not relieve an applicant or supplier from any obligation to furnish an annual report to DDTC under § 130.9.

The Department proposes to amend § 130.12 by making editorial revisions in paragraph (a). The Department proposes to revise paragraph (c)—which offers vendors the option to furnish information directly to DDTC and submit an abbreviated statement to applicants and suppliers—to reflect the annual submission process. If a vendor elects to furnish information directly to DDTC, the vendor would submit such report at the time of the vendor's annual registration renewal; if a vendor is not registered with DDTC pursuant to part 122, the report would be submitted by the end of the federal fiscal year, September 30. The Department proposes organizational edits to paragraph (d), so that its structure matches other sections in part 130. Paragraph (d)(1) would be redesignated as paragraph (d); paragraphs (d)(1)(i), (d)(1)(ii), and (d)(1)(iii) would be redesignated as paragraphs (d)(1), (d)(2), and new paragraph (d)(3). Consequently, current paragraph (d)(2) would be redesignated as new paragraph (e). The revisions to paragraph (d) and addition of paragraph (e) do not reflect a change in policy or regulation.

Example Reporting Scenarios

The following scenarios exemplify how reporting would be required under the proposed regulations as described in this proposed rule:

Example 1:

In January through June 2026, Company A obtains a technical assistance agreement (TAA) that expires in 10 years, a manufacturing licensing agreement (MLA) that expires in 10 years, a DSP-73 authorization for temporary export, and a DSP-5 authorization for permanent export. The TAA and the DSP-5 meet the requirements of § 130.2 because both involve defense articles and defense services valued at over \$1,000,000, which are being sold commercially to the armed forces of a foreign country. In that same time period, Company A offered four fees in a qualifying aggregate total

with respect to the TAA and paid one commission above the qualifying total with respect to the TAA. No payments, or offers or agreements to pay, were made in connection with the DSP-5. Company A plans to renew their registration under part 122 with DDTC in October 2026. Under the proposed regulations, Company A would be required to furnish an annual report to DDTC pursuant to § 130.9(a)(2). In the annual report, Company A would be required to include the information specified in § 130.10 with respect to the four offers of fees and the payment of the commission in connection with the TAA. Company A would not be required to include information with respect to the DSP-5 that meets the requirements of § 130.2 because no payments, or offers or agreements to pay, were made in connection with that authorization.

Example 2:

Using the same facts from the previous example, Company A renews its registration with DDTC in October 2026 and furnishes the appropriate annual report pursuant to § 130.9. In January 2027, Company A pays two political contributions in a qualifying aggregate total in connection to the same 2025 TAA that it included in its annual report to DDTC the prior year. Under the proposed regulations, in October 2027, Company A would be required to furnish to DDTC the information specified in § 130.10 with respect to the two payments of political contributions in its annual report submitted during registration renewal.

Example 3:

Using the same facts from the previous example, on March 1, 2028, Company A discovers that it paid a fee in a qualifying aggregate total with respect to the DSP-5 it obtained in 2025. On March 10, 2028, Company A offers two commissions in a qualifying aggregate total with respect to a new MLA that meets the requirements of § 130.2. Under proposed § 130.11(a)(1), Company A would be required to furnish to DDTC a supplementary report within 30 days of March 1, 2028, that includes the

information specified in § 130.10 with respect to the DSP-5 obtained in 2025 and an explanation as to why Company A did not furnish this information at the time it submitted its annual report for that year. Company A would also be required to furnish its annual report in October 2028 during registration renewal and include the information specified in § 130.10 with respect to the payments made relating to the new MLA.

Example 4:

In February 2026, Company B obtains a TAA that expires in 10 years that meets the requirements of § 130.2, but Company B does not make payments, or offers or agreements to pay, political contributions or fees or commissions in relation to that TAA. Company B renews its registration with DDTC in April 2026 and, under the proposed regulations, would not be required to furnish an annual report to DDTC pursuant to § 130.9. From April 2026 to April 2027, Company B does not apply for or obtain authorizations that meet the requirements of § 130.2. However, in April 2027, Company B discovers that, in March 2026, Company B had paid one political contribution above the qualifying total with respect to the 2026 TAA. Pursuant to the proposed § 130.11(c), Company B would be obligated within 30 days of this discovery to furnish to DDTC an interim report that includes the information specified in § 130.10 with respect to the 2026 TAA and an explanation as to why Company B did not furnish this information at the time it renewed its registration. Company B would not be required to file an annual report in April 2027 because Company B did not make any payments or offers or agreements to pay since its most recent registration renewal.

Comments Requested

The Department encourages the public to provide comments directly related to this proposed rule and provide responses to the questions presented herein. To facilitate timely review and assessment, comments should be provided in a concise sentence or paragraph, followed by supporting explanatory paragraphs and examples, with each

distinct comment treated separately, as opposed to multiple comments in one paragraph or section. The Department specifically requests comments on the following matters:

1. Do you foresee any operational, administrative, or compliance challenges with the change to annual part 130 reporting?

2. With this rule, the Department would be revising an existing collection of information under OMB control number 1405-0025 titled *Statement of Political Contributions, Fees, and Commissions Relating to Sales of Defense Articles and Defense Services* to add a new form. This proposed form would utilize existing systems accessible through the DDTC website. Information regarding this collection of information—including all current supporting materials—can be found at <https://www.reginfo.gov/public/do/PRAMain> by using the search function to enter either the title of the collection or the OMB Control Number. The Department requests comment on the draft version of the form, available at [regulations.gov](https://www.regulations.gov) (see Docket information under “ADDRESSES,” above).

3. Considering different reporting scenarios, do you anticipate any difficulties with using the proposed form to submit information pursuant to part 130? Note that the form at the link is mockup of a web application and applicants and suppliers would not submit the actual form as a PDF.

4. Do you expect that annual reporting and the standard form would result in a more precise and accurate accounting of the appropriate payments?

5. Do the proposed changes in this rule alleviate any difficulties that you currently experience when reporting information pursuant to part 130? If not, why?

Regulatory Analysis and Notices

Administrative Procedure Act

This rulemaking is exempt from the rulemaking requirements of § 553 of the Administrative Procedure Act (APA) (5 U.S.C. 553) pursuant to § 553(a)(1) as a military

or foreign affairs function of the United States. Nevertheless, and without prejudice to this determination, the Department elects to seek public comment on this rule.

Regulatory Flexibility Act

Since this rule is exempt from the notice-and-comment rulemaking provisions of 5 U.S.C. 553, it does not require analysis under the Regulatory Flexibility Act.

Unfunded Mandates Reform Act of 1995

This rulemaking does not involve a mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector of \$100 million or more in any year and it will not significantly or uniquely affect small governments. Therefore, no actions were deemed necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Executive Orders 12372 and 13132

This rulemaking will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 13132, it is determined that this amendment does not have sufficient federalism implications to require consultations or warrant the preparation of a federalism summary impact statement. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities do not apply to this rulemaking.

Executive Orders 12866 and 13563

Executive Order 12866, as amended by Executive Order 13563, directs agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and

equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. The Department specifically welcomes public comment on the impact, including costs and benefits, of this rule. After review by the Office of Management and Budget (OMB), this rule has been deemed a significant regulatory action.

The Department believes that this proposed rule, if finalized, will result in a decrease in burden on the regulated entities. See the discussion of the Paperwork Reduction Act, below.

Executive Order 12988

The Department of State has reviewed this rulemaking in light of sections 3(a) and 3(b)(2) of Executive Order 12988 to eliminate ambiguity, minimize litigation, establish clear legal standards, and reduce burden.

Executive Order 13175

The Department of State has determined that this rulemaking will not have tribal implications, will not impose substantial direct compliance costs on Indian tribal governments, and will not preempt tribal law. Accordingly, the requirements of Executive Order 13175 do not apply to this rulemaking.

Executive Order 14192

This rule is exempt from the requirements of Executive Order 14192 because it relates to a foreign affairs or national security function of the United States.

Paperwork Reduction Act

The Paperwork Reduction Act (PRA) (44 U.S.C. 3501 et seq.) requires all Federal agencies to analyze proposed regulations for potential burdens on the regulated community created by provisions in the proposed regulations that require the submission or retention of the information. The information collection requirements must be

submitted to the Office of Management and Budget (OMB) for approval. Persons are not required to respond to a collection of information unless it displays a currently valid OMB control number.

This proposed rule contains proposed revisions to the information collection currently approved under OMB control number 1405-0025, *Statement of Political Contributions, Fees, and Commissions Relating to Sales of Defense Articles and Defense Services*.

Summary of Proposed Changes to the Collection

In addition to the current information collection requirements contained in § 130.10, this proposed rule would make the following modifications to the information collection:

- Creation of a form for submission of the information.
- Change to an annual submission requirement, rather than a requirement to submit with an application for authorization.
- Adding a description of the end-item as well as the DDTC authorization number, ITAR exemption, or Department of Defense contract or case number to the information collected.

The revisions in this proposed rule would reduce the number of estimated respondents, based on the calculations from the proposed increase to the monetary thresholds, from 57 to 47. While there would be an increase in estimated response time per respondent from one hour to five hours due to changing to an annual submission, the number of responses would significantly decrease from 450 to 47 for that same reason. Finally, the estimated total burden time would decrease by nearly half, from 450 hours to 235 hours.

According to the Department of Labor's Bureau of Labor Statistics, the average hourly wage (weighted) for a "Compliance Officer" is \$81.72¹. This was calculated by multiplying the average hourly wage (\$40.86) by 2 to account for overhead costs. Therefore, the Department estimates the annual hour-cost burden to applicants to be \$19,204.20 (235 annual burden hours x \$81.72), a 48 percent decrease from the current hour-cost burden.

The resultant new estimated total burdens for OMB Control Number 1405-0025 are described below.

- *Title of Information Collection:* Statement of Political Contributions, Fees, and Commissions Relating to Sales of Defense Articles and Defense Services.
- *OMB Control Number:* 1405-0025.
- *Type of Request:* Revision of Currently Approved Collection.
- *Originating Office:* Bureau of Political-Military Affairs, Directorate of Defense Trade Controls, PM/DDTC.
- *Respondents:* Individuals, businesses, or organizations who have paid, or offered or agreed to pay, political contributions or fees or commissions in certain aggregate totals with respect to defense articles or defense services valued in an amount of \$1,000,000 or more that are being sold commercially to or for the use of the armed forces of a foreign country or international organization or individuals, businesses, or organizations who enter into a contract with the Department of Defense for the sale of defense articles or defense services valued in an amount of \$1,000,000 or more under section 22 of the AECA.

¹ Source: Bureau of Labor Statistics; Occupational Employment Statistics
<https://www.bls.gov/oes/current/oes131041.htm>

- *Estimated Number of Respondents: 47.*
- *Estimated Number of Responses: 47.*
- *Average Time per Response: 5 hours.*
- *Total Estimated Burden Time: 235 hours.*
- *Frequency: Annually.*
- *Obligation to Respond: Mandatory.*

We are soliciting public comments to permit the Department to:

- Evaluate whether the proposed information collection is necessary for the proper functions of the Department.
- Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Please note that comments submitted in response to this Notice are public record. Before including any detailed personal information, you should be aware that your comments as submitted, including your personal information, will be available for public review.

Methodology

Respondents would submit information electronically through DDTC's electronic system using the new form proposed by this rule.

List of Subjects

22 CFR Parts 122 and 123

Arms and munitions, Exports, Reporting and recordkeeping requirements.

22 CFR Part 124

Arms and munitions, Exports, Technical assistance.

22 CFR Part 126

Arms and munitions, Exports, Reporting and recordkeeping requirements, Technical assistance.

22 CFR Part 130

Arms and munitions, Campaign funds, Confidential business information, Exports, Reporting and recordkeeping requirements.

Accordingly, for the reasons set forth above and under the authority of 22 U.S.C. 2778, 2779 the Department of State proposes to amend title 22, chapter I, subchapter M, parts 122, 123, 124, 126, and 130 as follows:

PART 122— REGISTRATION OF MANUFACTURERS AND EXPORTERS

1. The authority citation for part 122 continues to read as follows:

Authority: Sections 2 and 38, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778); 22 U.S.C. 2651a; E.O. 13637, 78 FR 16129.

2. Amend § 122.4 by adding note 3 to paragraph (c) to read as follows:

§ 122.4 Notification of changes in information furnished by registrants.

* * * * *

(c) * * *

Note 3 to paragraph (c):

Information on political contributions and fees or commissions, as required by part 130 of this subchapter, must be reported to the Directorate of Defense Trade Controls in accordance with § 130.9(g).

* * * * *

**PART 123—LICENSES FOR THE EXPORT AND TEMPORARY IMPORT OF
DEFENSE ARTICLES**

3. The authority citation for part 123 continues to read as follows:

Authority: Secs. 2, 38, and 71, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2797); 22 U.S.C. 2753; 22 U.S.C. 2651a; 22 U.S.C. 2776; Pub. L. 105-261, 112 Stat. 1920; Sec. 1205(a), Pub. L. 107-228; Sec. 520, Pub. L. 112-55; Section 1261, Pub. L. 112-239; E.O. 13637, 78 FR 16129.

4. Amend § 123.1 by removing paragraph (c)(6):

§ 123.1 Requirement for export or temporary import licenses.

* * * * *

(c) * * *

(6) [removed]

* * * * *

**PART 124— AGREEMENTS, OFF-SHORE PROCUREMENT, AND OTHER
DEFENSE SERVICES**

5. The authority citation for part 124 continues to read as follows:

Authority: Secs. 2, 38, and 71, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2797); 22 U.S.C. 2651a; 22 U.S.C. 2776; Section 1514, Pub. L. 105-261; Pub. L. 111-266; Section 1261, Pub. L. 112-239; E.O. 13637, 78 FR 16129.

6. Amend § 124.12 by revising paragraph (a)(6) as follows:

§ 124.12 Required information in letters of transmittal.

(a) * * *

(6) A statement of the actual or estimated value of the agreement, including the estimated value of all defense articles to be exported in furtherance of the agreement or amendments thereto.

* * * * *

PART 126—GENERAL POLICIES AND PROVISIONS

7. The authority citation for part 126 continues to read as follows:

Authority: 22 U.S.C. 287c, 2651a, 2752, 2753, 2776, 2778, 2779, 2779a, 2780, 2791, 2797, 10423; sec. 1225, Pub. L. 108-375, 118 Stat. 2091; sec. 7045, Pub. L. 112-74, 125 Stat. 1232; sec. 1250A, Pub. L. 116-92, 133 Stat. 1665; sec. 205, Pub. L. 116-94, 133 Stat. 3052; and E.O. 13637, 78 FR 16129, 3 CFR, 2013 Comp., p. 223.

8. Revise § 126.16(m) to read as follows:

§ 126.16 Exemption pursuant to the Defense Trade Cooperation Treaty between the United States and Australia.

* * * * *

(m) ***Fees and commissions.*** Exporters authorized pursuant to paragraph (b)(2) of this section shall, with respect to each export, transfer, reexport, or retransfer, pursuant to the Defense Trade Cooperation Treaty between the United States and Australia and this section, submit to DDTC information in accordance with § 130.9 of this subchapter relating to political contributions and fees or commissions.

* * * * *

9. Revise § 126.17(m) to read as follows:

§ 126.17 Exemption pursuant to the Defense Trade Cooperation Treaty between the United States and the United Kingdom.

* * * * *

(m) ***Fees and commissions.*** Exporters authorized pursuant to paragraph (b)(2) of this section shall, with respect to each export, transfer, reexport, or retransfer, pursuant to the Defense Trade Cooperation Treaty between the United States and the United

Kingdom and this section, submit to DDTC information in accordance with § 130.9 of this subchapter relating to political contributions and fees or commissions.

* * * * *

PART 130—POLITICAL CONTRIBUTIONS, FEES, AND COMMISSIONS

10. The authority citation for part 130 continues to read as follows:

Authority: Sec. 39, Pub. L. 94-329, 90 Stat. 767 (22 U.S.C. 2779); 22 U.S.C. 2651a; E.O. 13637, 78 FR 16129.

11. Revise § 130.2 to read as follows:

§ 130.2 Applicant.

Applicant means a person who applies to the Directorate of Defense Trade Controls for an authorization required under this subchapter for the export, reexport, or retransfer of defense articles or defense services valued in an amount of \$1,000,000 or more which are being sold commercially to or for the use of the armed forces of a foreign country or international organization. This term also includes a person who applied for and was issued the required authorization or who utilized or plans to utilize an exemption in § 126.16 or § 126.17 of this subchapter.

12. Revise § 130.5 to read as follows:

§ 130.5 Political contribution.

Political contribution means a loan, gift, donation or other payment of \$1,000 or more made, or offered or agreed to be made, directly or indirectly, whether in cash or in kind, which is:

(a) To or for the benefit of, or at the direction of, any foreign candidate, committee, political party, political faction, or government or governmental subdivision, or any individual elected, appointed or otherwise designated as an employee or officer thereof; and

(b) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a foreign country or international organization. Taxes, customs duties, license fees, and other charges required to be paid by applicable law or regulation are not regarded as political contributions.

13. Revise § 130.6 to read as follows:

§ 130.6 Fee or commission.

(a) *Fee or commission* means, except as provided in paragraph (b) of this section, a loan, gift, donation or other payment of \$1,000 or more made, or offered or agreed to be made directly or indirectly, whether in cash or in kind, and whether or not pursuant to a written contract, which is:

(1) To or at the direction of any person, irrespective of nationality, whether or not employed by or affiliated with an applicant, a supplier or a vendor; and

(2) For the solicitation or promotion or otherwise to secure the conclusion of a sale of defense articles or defense services to or for the use of the armed forces of a foreign country or international organization.

(b) The term fee or commission does not include:

(1) A political contribution or a payment excluded by § 130.5 from the definition of political contribution;

(2) A normal salary, excluding contingent compensation, established at an annual rate and paid to a regular employee of an applicant, supplier or vendor;

(3) General advertising or promotional expenses not directed to any particular sale or purchaser; or

(4) Payments made, or offered or agreed to be made, solely for the purchase by an applicant, supplier or vendor of specific goods or technical, operational or advisory

services, which payments are not disproportionate in amount with the value of the specific goods or services actually furnished.

14. Revise § 130.7 to read as follows:

§ 130.7 Supplier.

Supplier means a person who enters into a contract with the Department of Defense for the sale of defense articles or defense services valued in an amount of \$1,000,000 or more under § 22 of the Arms Export Control Act (22 U.S.C. 2762).

15. Amend § 130.8 by revising the introductory text to paragraph (a) and paragraph (a)(1) to read as follows:

§ 130.8 Vendor.

(a) *Vendor* means a distributor or manufacturer who, directly or indirectly, furnishes to an applicant or supplier defense articles valued in an amount of \$1,000,000 or more which are end-items or major components as defined in § 120.45 of this subchapter. It also means any person who, directly or indirectly, furnishes to an applicant or supplier defense articles or services valued in an amount of \$1,000,000 or more when such articles or services are to be delivered (or incorporated in defense articles or defense services to be delivered) to or for the use of the armed forces of a foreign country or international organization under:

(1) A sale requiring authorization from the Directorate of Defense Trade Controls under this subchapter; or

* * * * *

16. Revise § 130.9 to read as follows:

§ 130.9 Annual reporting requirement.

(a) *Applicant obligation to report.* An applicant must submit an annual report to the Directorate of Defense Trade Controls (DDTC) if the applicant or its vendors have paid, or offered or agreed to pay, in respect of any sale:

(1) Political contributions in an aggregate amount of \$10,000 or more; or

(2) Fees or commissions in an aggregate amount of \$200,000 or more.

(3) The requirements of paragraph (a) do not apply in the case of a sale for which all the information specified in § 130.10 has already been reported to DDTC.

(b) *Timing and content of annual applicant report.* If the applicant or its vendors have paid, or offered or agreed to pay, political contributions or fees or commissions as specified in paragraphs (a)(1) or (a)(2) of this section, the applicant must furnish the information specified in § 130.10 in a report to DDTC. The report shall be submitted at the time of the applicant's registration renewal and include all qualifying payments, or offers or agreements to pay, since the date of the applicant's most recent registration or renewal. If all required information cannot be furnished at the time of submission, the applicant shall include in its report an explanation as to what information cannot be furnished and why.

(c) *Supplier obligation to report.* A supplier must submit an annual report to DDTC if the supplier or its vendors have paid, or offered or agreed to pay, in respect of any sale:

(1) Political contributions in an aggregate amount of \$10,000 or more; or

(2) Fees or commissions in an aggregate amount of \$200,000 or more.

(d) *Timing and content of supplier annual report.* If the supplier or its vendors have paid, or offered or agreed to pay, political contributions or fees or commissions as specified in paragraphs (c)(1) or (c)(2) of this section, the supplier must furnish the information specified in § 130.10 in a report to DDTC. The report shall be submitted at the time of the supplier's registration renewal or such earlier date as may be specified by

the Department of Defense. If the supplier is not registered with DDTC, the supplier must submit such report by the last day of the federal fiscal year, September 30. The report shall include all qualifying payments, or offers or agreements to pay, since the date of the supplier's most recent report made pursuant to this part.

(e) *Aggregate computation of political contributions.* Any political contributions which are paid, or offered or agreed to be paid, by or on behalf of, or at the direction of, any person to whom the applicant, supplier or vendor has paid, or offered or agreed to pay, a fee or commission in respect of a sale, must be included in the total computation of political contributions for that sale under this section. Any such political contributions are deemed for purposes of this part to be political contributions by the applicant, supplier or vendor who paid or offered or agreed to pay the fee or commission.

(f) *Reporting for previous periods.* Any applicant or supplier required to furnish information pursuant to paragraphs (a) or (c) of this section, should include the information relating to all qualifying payments, or offers or agreements to pay, that occur during the standard reporting period in the annual submission. In the event of new information about a previous reporting period, an applicant or supplier may be required to furnish a supplementary or interim report pursuant to § 130.11.

(g) *Reporting after registration expiration, cessation of operations, merger, or acquisition.* An applicant or supplier required to furnish information pursuant to paragraphs (a) or (c) of this section, whose registration expires, who ceases to operate, or who merges with, acquires, or is acquired by another, must submit such a report as follows:

(1) An applicant or supplier that ceases to operate, or whose registration expires, must submit a report to DDTC within 30 days of the cessation of operations or the registration expiration date, respectively, that includes all information specified in § 130.10 that has not been furnished in a previous report submitted pursuant to this part.

(2) The parent, acquiring entity, or new entity formed when a registrant merges with another company or acquires, or is acquired by, another company or a subsidiary or division of another company, must furnish to DDTC for the absorbed or acquired company all of the information specified in § 130.10 that has not been furnished to DDTC in a previous report submitted pursuant to this part, no later than 6 months after the effective date of the merger or acquisition. After that report, the parent, acquiring entity, or new entity shall furnish all subsequent information with its annual report during registration renewal pursuant to part 122 of this subchapter.

(h) *Form submission.* An applicant or supplier must furnish the information specified in § 130.10 using the reporting form provided by DDTC and submit the report using the DDTC website.

17. Revise and republish § 130.10 to read as follows:

§ 130.10 Required information.

(a) *Information to be reported to DDTC.* Persons required to submit a report under § 130.9 must furnish to the Directorate of Defense Trade Controls (DDTC) an annual report signed by a senior officer (e.g., chief executive officer, president, secretary, partner, member, treasurer, general counsel) who has been empowered by the applicant or supplier to sign such documents, including the following information:

(1) The total contract price of the sale to the foreign purchaser; any relevant Directorate of Defense Trade Controls authorization number or exemption, or Department of Defense contract or case number; and the end-item associated with the sale;

(2) The name, nationality, address and principal place of business of the applicant or supplier and, if applicable, the employer and title;

(3) The name, nationality, address and principal place of business, and if applicable, employer and title of each foreign purchaser, including the ultimate end-user involved in the sale;

(4) Except as provided in paragraph (c) of this section, the following information must be provided with respect to such sale:

(i) The amount of each political contribution paid, or offered or agreed to be paid, or the amount of each fee or commission paid, or offered or agreed to be paid;

(ii) The date or dates on which each reported amount was paid, or offered or agreed to be paid;

(iii) The recipient of each such amount paid, or intended recipient if not yet paid;

(iv) The person who paid, or offered or agreed to pay such amount; and

(v) The aggregate amounts of political contributions and of fees or commissions, respectively, which shall have been reported.

(b) *Specified information relating to certain payments and recipients.* In responding to paragraph (a)(4) of this section, the report must:

(1) With respect to each payment reported, indicate whether such payment was in cash or in kind. If in kind, it must include a description and valuation thereof. Where precise amounts are not available because a payment has not yet been made, an estimate of the amount offered or agreed to be paid must be provided;

(2) With respect to each recipient, state:

(i) Its name;

(ii) Its nationality;

(iii) Its address and principal place of business;

(iv) Its employer and title; and

(v) Its relationship, if any, to the applicant, supplier, or vendor, and to any foreign purchaser or end-user.

(c) *Payments that may be labeled as miscellaneous.* In submitting a report required by § 130.9, the detailed information specified in paragraph (a)(4) and (b) of this section need not be included if the payments do not exceed:

- (1) \$5,000 in the case of political contributions; and
- (2) \$100,000 in the case of fees or commissions.

In lieu of reporting detailed information with respect to such payments, the aggregate amount thereof must be reported, identified as miscellaneous political contributions or miscellaneous fees or commissions, as the case may be.

(d) *Required responses.* Every person required to furnish the information specified in paragraphs (a) and (b) of this section must respond fully to each subdivision of those paragraphs and, where the correct response is “none” or “not applicable,” must so state.

(e) *Senior officer certification.* The senior officer empowered to sign such documents shall include a certification that the submission is complete and accurate.

18. Revise § 130.11 to read as follows:

§ 130.11 Supplementary and interim reports.

(a) *Obligation to submit supplementary report.* An applicant or supplier must furnish to the Directorate of Defense Trade Controls (DDTC) the information specified in § 130.10 in a supplementary report when the applicant or supplier submitted an annual report pursuant to § 130.9 for a reporting period and either:

- (1) Subsequent developments cause the information initially reported with respect to that sale to no longer be accurate or complete (e.g., where an applicant is made aware of a payment or offer to pay made during a previous reporting period and not included in a prior annual report, or where a payment actually made is substantially different in amount from a previously reported estimate of an amount offered or agreed to be paid, or

where certain information specified in § 130.10 could not be obtained at the time of annual submission); or

(2) Additional details are requested by DDTC with respect to any miscellaneous payments reported under § 130.10(c).

(b) *Timing and content of supplementary report.* A supplementary report required under paragraph (a)(1) of this section must be furnished to DDTC within 30 days of discovering that the information previously reported to DDTC is no longer accurate or complete. A supplementary report required under paragraph (a)(2) of this section must be furnished to DDTC within 30 days of such request. All supplementary reports must include the information specified in § 130.10 required or requested by DDTC and which was not previously reported.

(c) *Obligation to submit interim report.* Every applicant or supplier must furnish to DDTC the information specified in § 130.10 in an interim report if the applicant or supplier did not submit an annual report pursuant to § 130.9 for a reporting period and later discovers that the applicant or its vendors or the supplier or its vendors have paid, or offered or agreed to pay, political contributions or fees or commissions in an aggregate total specified in § 130.9 during that reporting period.

(d) *Timing and content of interim report.* An interim report required under paragraph (c) of this section must be furnished to DDTC within 30 days after discovering the information that, if known to the applicant or supplier at the time, would have obliged the applicant or supplier to submit an annual report pursuant to § 130.9. Any interim report furnished under paragraph (c) must, in addition to the information specified in § 130.10, include a detailed statement of the reasons why applicant or supplier did not furnish the information at the time specified in § 130.9.

(e) *Interaction of supplementary or interim report with annual reporting requirement.* An applicant or supplier who furnishes a supplementary report or an interim

report to DDTC pursuant to paragraphs (a) or (c) of this section is not released from any obligation to furnish an annual report to DDTC as specified in § 130.9.

19. Revise § 130.12 to read as follows:

§ 130.12 Information to be furnished by vendor to applicant or supplier.

(a) *Initial vendor statement.* In order to determine whether it is obliged under § 130.9 to furnish the information specified in § 130.10 with respect to a sale, the applicant or supplier must obtain from each vendor, from or through whom the applicant or supplier acquired defense articles or defense services forming the whole or a part of the sale, a statement containing a full disclosure by the vendor of all political contributions or fees or commissions paid, by the vendor with respect to such sale. Such disclosure must include all the information relating to the vendor that enables the applicant or supplier to comply fully with §§ 130.9 and 130.10. If so required, the applicant or supplier must include the information furnished by each vendor in the report to DDTC made pursuant to § 130.9.

(b) *Time limit for an initial statement.* Any vendor which has been requested by an applicant or supplier to provide an initial statement under paragraph (a) of this section must, except as provided in paragraph (c) of this section, provide such statement in a timely manner and not later than 20 days after receipt of such request.

(c) *Abbreviated vendor statement.* If the vendor believes that furnishing information to an applicant or supplier in a requested statement would unreasonably risk injury to the vendor's commercial interests, the vendor may instead provide an abbreviated statement disclosing only the aggregate amount of all political contributions and the aggregate amount of all fees or commissions which have been paid, or offered or agreed to be paid, or offered or agreed to be paid, by the vendor with respect to the sale. Any abbreviated statement provided to an applicant or supplier under this paragraph must be accompanied by a certification that the requested information will be reported by the

vendor directly to DDTC at the time of the vendor's registration renewal or, if the vendor is not registered with DDTC, by the last day of the federal fiscal year, September 30. The vendor must report to DDTC all information the vendor would otherwise have been required to report to the applicant or supplier under this section. Any report must clearly identify the sale with respect to which the reported information pertains.

(d) *Vendor failure to provide initial statement.* If upon the 25th day after the date of its request to any vendor, an applicant or supplier has not received from the vendor the initial statement required by paragraph (a) of this section, the applicant or supplier must submit to DDTC a signed statement attesting to:

(1) The manner and extent of the applicant's or supplier's attempt to obtain from the vendor the initial statement required under paragraph (a) of this section;

(2) Vendor's failure to comply with this section; and

(3) The amount of time elapsed between the date of the applicant's or supplier's request to the vendor and the date of the signed statement;

(e) *Applicant or supplier obligation if vendor fails to provide statement.* The failure of a vendor to comply with this section does not relieve any applicant or supplier otherwise required by § 130.9 to submit a report to DDTC from the obligation to submit such a report.

Thomas G. DiNanno,

Under Secretary,

Arms Control and International Security,

Department of State.

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