The Defense Priorities and Allocations System Training Course
This course introduces the Defense Priorities and Allocations System (DPAS), a regulation administered by the Department of Commerce (DOC) that implements the priorities and allocations authority contained in Title 1 of the Defense Production Act (DPA) of 1950.

The primary purpose of the DPAS regulation (15 CFR Part 700) is to ensure the timely availability of industrial resources to meet national defense and emergency preparedness requirements.

NOTE: To navigate to other pages, make a selection on the bottom right or left corners of the screen.
The primary audience for this course are individuals who work for companies that receive contracts, subcontracts, or purchase orders from the U.S. Government or from U.S. Government contractors.

In order to ensure the effectiveness of the DPAS, it is essential that any individual who works for a company that receives or places a rated order should be thoroughly familiar with, and must comply with, the provisions of the DPAS regulation.

This training outlines some of the basic requirements that a company must adhere to when accepting DPAS rated orders.
Course Outline

The goal of this course is to provide a basic understanding of the DPAS and its implementation. The course includes the major topics listed below. Please select a topic to begin.

1. What is the DPAS?
2. Overview of the Priorities and Allocations Authorities
3. Who has been delegated DPAS rating authority from the DOC?
4. Step by Step Guide: Processing Rated Orders
5. Who must comply with the DPAS?
6. How do I get assistance in the event of a problem?
7. What official actions does DOC utilize to implement/enforce the DPAS Provisions?
8. How does the DOC ensure compliance with the DPAS regulation?
9. How does the DPAS provide me protection against claims?
10. Examples of DPAS Assistance
11. How is the DPAS used for Energy Programs?
12. Course Review
13. Frequently Asked Questions
14. DPAS Contact Information

4/26/2017
What is the DPAS?
What is the DPAS?

The Defense Priorities and Allocations System (DPAS) is a regulation administered by the Department of Commerce (DOC).

The DPAS implements the Title 1 priorities and allocations authority contained in the Defense Production Act (DPA) of 1950, that has been delegated to the Secretary of Commerce.
What is the DPAS?

- The DPAS is used to prioritize national defense-related contracts/orders throughout the U.S. supply chain in order to support:
  - military programs
  - energy programs
  - homeland security
  - emergency preparedness
  - critical infrastructure

- The use of the DPAS is not limited to crises, emergency, or armed conflict.

- The DPAS can also be used to provide military or critical infrastructure assistance to foreign nations.
What is the DPAS?

The purpose of the DPAS is to:

- Ensure the timely availability of industrial resources (and associated services) to meet current national defense and emergency preparedness program requirements

- Provide authority to U.S. Government agencies (and other authorized persons/entities) to order priority performance (i.e., delivery) on contracts and orders as well as allocate materials to meet national security requirements

- Provide an operating system to support rapid industrial response in a national emergency

- Minimize disruption to normal commercial activities
Overview of the Priorities and Allocations Authorities
Overview of the Priorities and Allocations Authorities

The graphic below provides an overview of the priorities and allocations authorities. Select a box to learn more.

- **Defense Production Act of 1950, 50 U.S.C. 4501, et seq.**
  Title 1 of the Defense Production Act of 1950 (DPA), as amended (50 U.S.C. 4501, et seq.) is the President’s primary authority to expedite production/delivery of critical industrial items from the private sector.

- **Executive Order 13603**
  The National Defense Resources Preparedness Executive Order (E.O. 13603) delegates this authority to various agencies and addresses national defense resource programs and policies under the DPA.

- **DPAS Regulation 15 CFR Part 700**
  The DPAS regulation (15 CFR Part 700) implements the priorities and allocations authority of the DPA with respect to industrial resources.

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Next Topic – Who has been delegated DPAS rating authority from the DOC?
Who has been delegated DPAS rating authority from the DOC?
Who has been delegated DPAS rating authority from the DOC?

The DOC has delegated the authority to place priority ratings on contracts/orders (rated orders) necessary or appropriate to promote the national defense, in accordance with the DPAS regulation (15 CFR Part 700) to:

• Department of Defense (DOD)
• Department of Energy (DOE)
• Department of Homeland Security (DHS)
  – Federal Emergency Management Agency (FEMA) is the DPAS lead agency within DHS
• General Services Administration (GSA)
Who has been delegated DPAS rating authority from the DOC?

• The DOC may also authorize other persons (including U.S. government agencies; foreign governments; U.S. and foreign contractors, subcontractors, and suppliers; or owners/operators of critical infrastructure) to place rated orders on a case-by-case basis.

• Such requests must first be determined as necessary or appropriate to promote the national defense by DOD, DOE, or DHS.
Step by Step Guide: Processing Rated Orders
Step by Step Guide:
Processing Rated Orders

Below are the five important steps to processing rated orders. Select each step to learn more.

Step 1: What is a Rated Order and What Does it Mean for My Company?
Step 2: Identify Key Elements of Rated Order
Step 3: Accept or Reject the Rated Order
Step 4: Preferential Scheduling
Step 5: Extension of Priority Ratings

To learn additional information and important notes, please select the topics below:

- Additional Information
- Important Notes

4/26/2017

Next Topic – Who must comply with the DPAS?
Who must comply with the DPAS?
Who must comply with the DPAS?

• All companies in the United States must comply with the provisions of the DPAS regulation.

• Any person who places or receives a rated order should be thoroughly familiar with, and must comply with, the provisions of the DPAS regulation.

The following slides will provide additional information regarding the DPAS as well as a representation of the basic requirements that a person must adhere to when accepting DPAS rated orders.
How do I get assistance in the event of a problem?

Special Priorities Assistance
Special Priorities Assistance

• The DPAS is designed to be largely self-executing; however, problems may arise from time-to-time.

• In the event of a problem, a person should immediately contact the appropriate contact administration officer for guidance or assistance.

• If additional formal aid is needed, special priorities assistance (SPA) should be sought from the Delegate Agency through the contract administration officer.
Special Priorities Assistance

SPA can be provided for any reason in support of the DPAS regulation, such as:

- Assisting in obtaining timely deliveries of items needed to satisfy rated orders
- Authorizing the use of priority ratings on orders to obtain items not normally ratable under this regulation

A request for special priorities assistance or priority rating authority must be submitted on Form BIS-999 to the local contract administration representative.

- Form BIS-999 may be obtained from the Delegate Agency representative or from the Department of Commerce.
- A sample of Form BIS-999 can be found [here](#).
The following topics are covered in the DPAS regulation regarding SPA. Please select a topic to learn more:

- Requests for Priority Rating Authority (15 CFR § 700.51)
- Examples of Assistance (15 CFR § 700.52)
- Criteria for Assistance (15 CFR § 700.53)
- Instances where assistance will not be provided (15 CFR § 700.54)
- Assistance programs with Canada and other nations (15 CFR § 700.56)
What official actions does DOC utilize to implement/enforce the DPAS Provisions?
When necessary, the Department of Commerce may take specific official actions to implement or enforce the DPAS regulation, including the issuance of:

- **Rating Authorization** ([15 CFR Part § 700.61](#))
- **Directives** ([15 CFR Part § 700.62](#))
- **Letters of Understanding** ([15 CFR Part § 700.63](#))

Please select on each topic above for more information.
How does the DOC ensure compliance with the DPAS regulation?
DPAS Compliance

Compliance with the DPAS regulation is outlined in 15 CFR § 700.70-75:

• DOC works closely with the DPAS Delegate Agencies (DOD, DOE, and DHS) to ensure compliance with DPAS regulation.

• Willful violation of the provisions of Title I or Sections 705 or 707 of the DPA, the priorities provisions of the Selective Service Act and related statutes or this part is a crime and upon conviction, a person may be punished by fine or imprisonment, or both. The maximum penalty provided by the DPA is $10,000 fine, or one year in prison, or both.
How does the DPAS provide me protection against claims?
Protection Against Claims

Protection against claims related to DPAS implementation is outlined in 15 CFR § 700.90:

• A company shall not be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from compliance with the DPAS or official DPAS action.
Examples of DPAS Assistance
Examples of DPAS Assistance

DOC works closely with DOD to ensure materials to support critical programs receive appropriate priority.

Examples of DPAS assistance in Iraq and Afghanistan:

• Body Armor
• Mine Resistant Ambush Protected vehicles
• Counter-Improvised Explosive Devices
Examples of DPAS Assistance

Foreign Requests:
- Resolving delivery delays for critical items (e.g., night vision/thermal imaging equipment, ammunition, aircraft spare parts)
- Supporting NATO operations in Afghanistan and counter-terrorism activities
- Requests supporting non-binding “Security of Supply” arrangements with foreign partners that provide for reciprocal priorities support
- Requests from non-Security of Supply foreign partners
Examples of FEMA Approved Assistance

- Federal emergency preparedness, mitigation, response, and recovery
- State, local, tribal government emergency preparedness, mitigation, response, and recovery
- Intelligence and warning systems
- Border and transportation security
- Domestic counter-terrorism, including law enforcement
- Chemical, biological, radiological, and nuclear countermeasures
- Critical infrastructure protection and restoration
How is the DPAS used for Energy Programs?

Industrial Priorities for Energy Programs
Industrial Priorities for Energy Programs

The DPA authorizes the use of priority ratings for projects which maximize domestic energy supplies. These projects are outlined in the DPAS regulation (15 CFR § 700.20) and include:

• Those which maintain or further domestic energy exploration, production, refining, and transportation;

• Maintain or further the conservation of energy; or

• Are involved in the construction or maintenance of energy facilities.
Industrial Priorities for Energy Programs

The DPAS regulation (15 CFR § 700.21) outlines the application process for a priority rating authorization for an energy program.

- For projects believed to maximize domestic energy supplies, a person may request priority authority for scarce, critical, and essential supplies of materials, equipment, and services (related to the production of materials or equipment, or the installation, repair, or maintenance of equipment) by submitting a request to the DOE.

- If the DOE notifies the DOC that the project maximizes domestic energy supplies and that the materials, equipment, or services are critical and essential, the DOC will determine whether the items in question are scarce, and, if they are scarce, whether there is a need to use the priority rating.

- After the DOC has conducted its analysis, it will advise the DOE of its findings as outlined in the regulation. If the findings are satisfied, the DOC will authorize the DOE to grant the use of a priority rating to the applicant.

- Schedule I of the DPAS regulation includes a list of approved programs to support the maximization of domestic energy supply. A DOE regulation setting forth the procedures and criteria used by the DOE in making its determination and findings is published in 10 CFR Part 216.
Below is a quick review of the rated contract or order process. To review other specific topics, you may return to the Course Outline by clicking below.

Three agencies (DOD, DOE, and DHS) make determinations that a program is necessary or appropriate to promote the national defense.

A rated order is a prime contract, a subcontract, or a purchase order issued in accordance with the provisions of the DPAS regulation that supports an approved program.

All U.S. companies are required by law to accept rated orders and provide preferential scheduling if necessary to meet required delivery date(s).

Companies who receive rated orders must in turn place rated orders with their suppliers for the items they need to fill the orders. This continues from contractor to subcontractor to supplier throughout the entire supply chain.
Q: May I accept a rated order contingent upon obtaining necessary production materials or equipment?

A: No. Rated orders may not be accepted on a contingent basis. If you cannot meet the required delivery date, you must inform your customer of the earliest date on which delivery can be made, and offer to accept the order on the basis of that date.

Q: If I encounter production or shipment conflicts following acceptance of several rated orders of equal priority status that will result in delayed delivery or performance against one or more orders, which of the conflicting orders should be given delivery or performance preference?

A: You should give preference to order or orders in the sequence in which delivery or performance is required. For conflicting rated orders received on the same day, you should give preference to the order or orders with the earliest receipt date. If you cannot otherwise resolve the delivery or performance conflict, or if your customer objects to the rescheduling of the delayed order, you should promptly request special priorities assistance (SPA). For any order that will be delayed, you must notify your customer as provided in 15 CFR § 700.13(d)(3) of the DPAS regulation. Conflicting rated orders are discussed in section 700.14(c) of the DPAS regulation.

Q: Can my suppliers charge a higher price to produce, deliver, or perform against my rated order?

A: No. Your supplier may not discriminate against your rated order in any manner. Nor may the supplier impose any different terms or conditions than for comparable unrated orders.
Frequently Asked Questions

Q: May I use a rated order to purchase finished items, components, or production materials from a foreign supplier?

A: No. The DPAS, and therefore priority ratings, has no legal standing outside of the United States. However, if you need assistance to obtain items from a supplier in Canada, you must submit a request through the Delegate Agency to the DOC/BIS’s Office of Strategic Industries and Economic Security (SIES) on form BIS-999.

If you need assistance to obtain items from a supplier in Australia, Finland, Italy, the Netherlands, Spain, Sweden, and the United Kingdom, you should contact the Department of Defense DPAS Lead in the Office of Deputy Assistant Security of Defense for Manufacturing and Industrial Base Policy (MIBP). Please see 15 CFR § 700.57 (c) for more information.

Q: If my supplier refuses to accept or comply with a rated order, what should I do?

A: You should attempt to obtain the reason for the refusal in writing. If the reason conforms to any of the provisions in section 700.13 (b) or (c) of the DPAS regulation, you should first seek an alternative source of supply. If there is no alternative source that can meet your requirements, you should promptly contact your customer or DOC/BIS. If the supplier refuses to give a reason or the reason does not conform to the provisions of section 700.13, you should promptly contact your customer or DOC/BIS.

Q: Must I accept a rated contract or order from a customer with whom I have never done business?

A: Yes. Except as provided in the DPAS in 15 CFR § 700.13, you must accept and fill all rated orders you receive.
Frequently Asked Questions

Q: If by accepting a rated order I must delay delivery against unrated orders, am I protected against claims for my customers for damages caused by this delay?

A: Yes. Such protection is provided under Section 707 of the Defense Production Act of 1950. See section 700.90 of the DPAS. You may not be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from compliance with any provision of the statute, the DPAS, or a Directive issued by DOC/BIS.

Q: If I use inventoried items to fill a rated order, may I replace those items by using a rated order?

A: Yes. You may use a rated order to replace inventoried items if you place the order with your supplier within 90 days of the date of use of the items. However, you may only use the DO rating symbol on the order, even if the customer’s order was DX.

Q: To Fill a rated order, I need to purchase a quantity of items that is less than my supplier’s minimum (commercially procurable) quantity. Is my supplier obligated to accept and fill a rated order for such quantity?

A: No. However, as provided in section 700.17(e) of the DPAS and if reasonable to do so, you may place a rated order for the minimum commercially procurable quantity. If possible, you must combine rated orders to the supplier as provided in section 700.17(c) and (d).
Q: May foreign entities (government agencies or contractors) place rated orders with U.S. suppliers?

A: Yes. Foreign entities may place rated orders with U.S. suppliers only with express written authorization of DOC/BIS on a case-by-case basis where the procurement is deemed to be in the U.S. national defense interest. Special rules apply to the use of rated orders in the U.S. by the Canadian Government and authorized Canadian contractors. Sections 700.56 and 700.57 provide more information regarding these provisions.

Q: Who is authorized to include priority ratings on contracts and purchase orders?

A: Certain U.S. Government agencies and the Canadian Government are authorized by the DOC to include priority ratings on contracts and orders placed with U.S. contractors and suppliers in support of approved national defense programs. DPAS Schedule 1 lists the currently approved programs and the agency responsible for each program.

Q: Must a rated order be in writing or may I give it verbally to my supplier over the phone? May it be placed electronically?

A: Rated orders may be placed with suppliers either in writing or electronically. Regardless of common industry practice, if the order is given verbally, it must be followed-up immediately either in writing or electronically. The elements of a rated order are discussed in 15 CFR § 700.12.
Contact Information

**U.S. Department of Commerce**
Bureau of Industry and Security
Office of Strategic Industries & Economic Security
Defense Programs Division
(202) 482-3634
DPAS@bis.doc.gov
www.bis.doc.gov/dpas

**U.S. Department of Defense**
Office of the Under Secretary of Defense
Acquisition, Technology, & Logistics
Manufacturing & Industrial Base Policy
(571) 372-6279
DPAS@osd.mil
www.acq.osd.mil/mibp/titleOne

**U.S. Department of Homeland Security**
Federal Emergency Management Agency
Office of Policy & Program Analysis
Defense Production Act Program Division
FEMA-OPPA-DPA@fema.dhs.gov

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End of Training Course
The DPA was enacted at the start of the Korean War as part of a broad war and civil defense mobilization effort. The DPA was created to ensure the availability of the country’s industrial resources to address national security requirements.

The DPA authorities are time-limited and undergo periodic amendment and reauthorization. The DPA Reauthorization of 2014 is through September 30, 2019.
Defense Production Act

Under Title I of the DPA, the President is authorized to require:

• Preferential acceptance and performance of contracts or orders (other than contracts of employment) supporting certain approved national defense and energy programs

• To allocate materials, services, and facilities in such a manner as to promote these approved programs
Defense Production Act

The DPA’s definition of “national defense” includes programs for:

• Military and energy production or construction

• Military or critical infrastructure assistance to any foreign nation, homeland security, stockpiling, space, and any directly related activity

The definition also includes emergency preparedness activities conducted pursuant to Title VI of The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195, et seq.) and critical infrastructure protection and restoration.
Title 1 of the DPA is the statutory basis for the National Defense Resources Preparedness Executive Order (Executive Order 13603) and the DPAS Regulation (15 CFR Part 700).
Executive Order 13603

• The purpose of the National Defense Resources Preparedness executive order (Executive Order 13603) is to delegate authority and address national defense resource programs and policies under the DPA.

• Executive Order 13603 provides the framework for the allocation of resources, services, and materials to promote the national defense.
Section 201 of Executive Order 13603 delegates the authority granted to the President by the DPA (i.e., to require preferential acceptance and performance of contracts/orders for approved programs, and to allocate materials, services, and facilities to promote these approved programs) to the following Federal agencies:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Functions and Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture (USDA)</strong></td>
<td>Food resources, food resource facilities, livestock resources, veterinary resources, plant health resources, and the domestic distribution of farm equipment and commercial fertilizer</td>
</tr>
<tr>
<td><strong>Defense (DOD)</strong></td>
<td>Water Resources</td>
</tr>
<tr>
<td><strong>Energy (DOE)</strong></td>
<td>All Forms of Energy</td>
</tr>
<tr>
<td><strong>Transportation (DOT)</strong></td>
<td>All Forms of Civil Transportation</td>
</tr>
<tr>
<td><strong>Health and Human Services (HHS)</strong></td>
<td>Health Resources</td>
</tr>
<tr>
<td><strong>Commerce (DOC)</strong></td>
<td>All Other Materials, Services, and Facilities (including Construction Materials) Generally called “Industrial Resources”</td>
</tr>
</tbody>
</table>
Each department, except the Department of Defense (DOD), that has been delegated DPA authority has issued regulations. Each department’s regulation covers only their delegated resources outlined in Section 201. For example, health resources are outside DPAS jurisdiction.

The figure to the right lists the citations for each department’s regulation.
Section 202 of Executive Order 13603 authorizes three agencies to make the determination that a program is necessary or appropriate to promote the national defense:

• **Defense** – regarding military production and construction, military assistance to foreign nations, military use of civil transportation, stockpiles managed by the Department of Defense (DOD), space, and directly related activities

• **Energy** – regarding energy production and construction, distribution and use, and directly related activities

• **Homeland Security** – regarding all other national defense programs, including civil defense and continuity of Government.
Section 201 of Executive Order 13603 authorizes the Secretary of Commerce to re-delegate the authority for the priority rating of contracts and orders for all industrial materials, services, and facilities needed in support of programs approved under Section 202.

The DOC implements this authority through the DPAS regulation (15 CFR Part 700).
The DPAS regulation (15 CFR Part 700) implements the priorities and allocations authority of the DPA with respect to industrial resources.

The DPAS regulation establishes procedures which requires preferential acceptance and performance of contracts or orders for industrial resources supporting certain national defense and energy programs. The regulation also instructs the public on the DPAS process and their obligations.

This regulation is administered by DOC’s Bureau of Industry and Security (BIS), and is used, as authorized by DOC/BIS, by other Federal departments, agencies, and industry.
Appendix B:
Guide to Applying the DPAS to Contracts and Orders – Additional Information
Step 1
Step 1: What is a Rated Order and What Does it Mean for My Company?

- A rated order is a prime contract, a subcontract, or a purchase order issued in accordance with the provisions of the DPAS regulation that supports an approved program.

- U.S. companies are required by law to accept “rated orders” and provide preferential scheduling if necessary to meet required delivery date(s).

- Rated orders take preference over all unrated orders as necessary to meet required delivery dates; therefore, persons are required to reschedule unrated orders if they conflict with performance against a rated order.

- Companies who receive rated orders must in turn place rated orders with their suppliers for the items they need to fill these orders.

- To learn about rated orders, click here.

**Prime Contract/Purchase Order**
When a company is awarded a U.S. Government (USG) contract or purchase order, it must determine whether the contract/purchase order is rated.

**Subcontract/Flow-Down Purchase Order**
When a company is awarded a subcontract or receives a purchase order from another company, it must determine whether the contract/purchase order is rated.
Step 1: What is a Rated Order and What Does it Mean for My Company?

**Prime Contract/Purchase Order**
- For a prime contract/purchase order, a company will most likely receive a standard acquisition form known as the SF-33 (Solicitation, Offer and Award Form).
- On a SF-33, a company can determine whether they have received a rated order by looking at Block 1 of the form. If it is a rated order, a priority rating will be given. Click [here](#) for an example of this form.
- **NOTE:** If you do not receive a SF-33 form, there should be language in the contract/purchase order indicating it is rated and a priority rating must be given. Certain exceptions apply.

**Subcontract/Flow-Down Purchase Order**
- When a company is awarded a subcontract or receives a purchase order from another company, it must determine whether the contract/purchase order is rated.
- For a subcontract/flow-down purchase order, there should be language in the contract/purchase order indicating that it is rated order and a priority rating should be given.
Rated Order: Important Notes

- DPAS provisions are a standard part of U.S. defense contracting process.
- The DPAS is a standard clause in DOD contracts/orders.
- The DOD uses DPAS authority delegated to it by the DOC to place ratings on approximately 300,000 contracts annually. The Departments of Commerce and Defense estimate that, in addition, approximately 400,000 rated orders are “flowed down” annually through the supply chain to support those rated orders.
- Orders through DOD’s Foreign Military Sales program are usually priority rated.
- Direct commercial sales to foreign persons are NOT priority rated unless authorized by DOC.
Example of SF-33

Block 1 of the SF-33 indicates if the contract/purchase is a rated order.

NOTE: If you do not receive a SF-33 form, there should be language in the contact/purchase order indicating it is rated and a priority rating should be given.
Step 2
Step 2: Identify Key Elements of Rated Order

If a company is in receipt of a rated contract or purchase order, the company must identify the four key elements of a rated order outlined in 15 CFR § 700.12 and listed below. These four elements must appear on every contract, purchase order, or delivery order. If they do not appear, the company should request a completed rated order from the customer.

To learn more about these key elements, select an element:

1. **Priority Rating**
2. **Required Delivery Date(s)**
3. **Authorized Written or Digital Signature**
4. **A Certification Statement**
Rated orders are identified by a priority rating. A priority rating consists of the rating symbol and a program identification symbol.

*Priority Rating = (Rating Symbol) + (Program ID Symbol)*
There are two levels of priority established by the DPAS regulation, identified by the rating symbols “DX” and “DO”:

1. DX – All DX rated orders have equal priority and take preference over DO and unrated orders (based on shipment schedule).

2. DO – All DO rated orders have equal priority and take preference over unrated orders (based on shipment schedule).

Note: DX ratings can only be approved by the Secretary of Defense or the Deputy Secretary of Defense. For a list of programs authorized to use DX industrial priority ratings, click here.
DOD List of DX-Rated Programs

DOD components are currently authorized to use DX industrial priority ratings in support of the following programs:

**Department of Defense:**
- Program 390
- Integrated Ballistic Missile Defense System

**Department of Navy:**
- Presidential Helicopters (VH-3D, VH-60N)
- Fleet Ballistic Missile Weapons System, Trident System
- Program 341

**Department of Air Force:**
- Space-Based Infrared System (SBIRS) High
- Intercontinental Ballistic Missile, Minuteman III
- B-2 Stealth Bomber
- VC-25A Presidential Aircraft
Program identification symbols indicate which approved program is being supported by a rated order.

- The list of approved programs and their identification symbols are listed in Schedule 1 of the DPAS regulation (15 CFR Part 700). Companies must ensure the symbol used is valid.
- It is also important to note that program identification symbols, in themselves, do not connote any priority.

Below are examples of program identification symbols for defense programs. You can find the complete list by clicking the image below.
Schedule I to Part 700
Approved Programs and Delegate Agencies

<table>
<thead>
<tr>
<th>Program identification symbol</th>
<th>Approved program</th>
<th>Agency(ies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Aircraft</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>A2</td>
<td>Missiles</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>A3</td>
<td>Ships</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>A4</td>
<td>Tank—Automotive</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>A5</td>
<td>Weapons</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>A6</td>
<td>Ammunition</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>A7</td>
<td>Electronic and communications equipment</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>B1</td>
<td>Military building supplies</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>B2</td>
<td>Production equipment (for defense contractor’s account)</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>B9</td>
<td>Production equipment (Government owned)</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>C1</td>
<td>Food resources (combat rations)</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>C2</td>
<td>Department of Defense construction</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>C3</td>
<td>Maintenance, repair, and operating supplies (MRO) for Department of Defense facilities.</td>
<td>Department of Defense.</td>
</tr>
<tr>
<td>C9</td>
<td>Miscellaneous</td>
<td>Department of Defense.</td>
</tr>
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</table>

### Defense Programs

### Military Assistance to Canada

<table>
<thead>
<tr>
<th>Program identification symbol</th>
<th>Approved program</th>
<th>Agency(ies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1</td>
<td>Canadian military programs</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>D2</td>
<td>Canadian production and construction</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>D3</td>
<td>Canadian atomic energy program</td>
<td>Department of Commerce.</td>
</tr>
</tbody>
</table>

### Military Assistance to Other Foreign Nations

<table>
<thead>
<tr>
<th>Program identification symbol</th>
<th>Approved program</th>
<th>Agency(ies)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1</td>
<td>Certain munitions items purchased by foreign governments through domestic commercial channels for export.</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>G2</td>
<td>Certain direct defense needs of foreign governments other than Canada.</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>G3</td>
<td>Foreign nations (other than Canada) production and construction.</td>
<td>Department of Commerce.</td>
</tr>
</tbody>
</table>
### Critical Infrastructure Assistance to Foreign Nations

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4</td>
<td>Foreign critical infrastructure programs</td>
<td>Department of Commerce.</td>
</tr>
</tbody>
</table>

### Co-Production

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Agency</th>
</tr>
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<tbody>
<tr>
<td>J1</td>
<td>F-16 Co-Production Program</td>
<td>Departments of Commerce and Defense.</td>
</tr>
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</table>

### Atomic Energy Programs

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Agency</th>
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<tbody>
<tr>
<td>E1</td>
<td>Construction</td>
<td>Department of Energy.</td>
</tr>
<tr>
<td>E2</td>
<td>Operations—including maintenance, repair, and operating supplies (MRO).</td>
<td>Department of Energy.</td>
</tr>
<tr>
<td>E3</td>
<td>Privately owned facilities</td>
<td>Department of Energy.</td>
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### Domestic Energy Programs

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>Exploration, production, refining, and transportation.</td>
<td>Department of Energy.</td>
</tr>
<tr>
<td>F2</td>
<td>Conservation</td>
<td>Department of Energy.</td>
</tr>
<tr>
<td>F3</td>
<td>Construction, repair, and maintenance</td>
<td>Department of Energy.</td>
</tr>
</tbody>
</table>

### Other Defense, Energy, and Related Programs

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Responsible Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Certain combined orders (see section 700.17(c))..</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>H5</td>
<td>Private domestic production</td>
<td>Department of Commerce.</td>
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<tr>
<td>H6</td>
<td>Private domestic construction</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>H7</td>
<td>Maintenance, repair, and operating supplies (MRO).</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>H8</td>
<td>Designated Programs</td>
<td>Department of Commerce.</td>
</tr>
<tr>
<td>Program identification symbol</td>
<td>Approved program</td>
<td>Agency(ies)</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
</tr>
<tr>
<td>K1</td>
<td>Federal supply items</td>
<td>General Services Administration.</td>
</tr>
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<td></td>
<td><strong>Homeland Security Programs</strong></td>
<td></td>
</tr>
<tr>
<td>N3</td>
<td>Intelligence and warning systems</td>
<td>Department of Homeland Security.</td>
</tr>
<tr>
<td>N4</td>
<td>Border and transportation security</td>
<td>Department of Homeland Security.</td>
</tr>
<tr>
<td>N7</td>
<td>Critical infrastructure protection and restoration</td>
<td>Department of Homeland Security.</td>
</tr>
<tr>
<td>N8</td>
<td>Miscellaneous</td>
<td>Department of Homeland Security.</td>
</tr>
</tbody>
</table>
Example of a Priority Rating:
If a company receives a rated order on a contract for the production of an aircraft, the order will contain a DO-A1 or DX-A1 priority rating.

Example:
- DOA1 = (DO) + (A1) <Aircraft>
- DXA1 = (DX) + (A1) <Aircraft>
Required Delivery Date(s)

- Rated orders are required to have a delivery date or dates.

- The words “immediately” or “as soon as possible” do not constitute a delivery date.

- A “requirements contract”, “basic ordering agreement”, “prime vendor contract”, or similar procurement document bearing a priority rating may contain no specific delivery date or dates and may provide for the furnishing of items from time-to-time or within a stated period against specific purchase orders, such as “calls”, “requisitions”, and “delivery orders”.
  - These purchase orders must specify a required delivery date or dates and are to be considered as rated as of the date of their receipt by the supplier and not as of the date of the original procurement document.
Authorized Written or Digital Signature

• The written signature on a manually placed order, or the digital signature or name on an electronically placed order, of an individual authorized to sign rated orders for the person placing the order is required.

• The signature or use of the name certifies that the rated order is authorized under the DPAS regulation and that the requirements of the DPAS regulation are being followed.
A certification statement is required on the rated order and should read in substance:

This is a rated order certified for national defense use, and you are required to follow all the provisions of the Defense Priorities and Allocations System regulation (15 CFR Part 700).
If a rated order is placed for the purpose of emergency preparedness requirements and expedited action is necessary or appropriate to meet these requirements, the following statement must be included in the order:

This rated order is placed for the purpose of emergency preparedness. It must be accepted or rejected within [Insert a time limit no less than the minimum applicable time limit specified in §700.13(d)(2)].
Step 3
Step 3: Accept or Reject the Rated Order

Once a company has identified that they have received a rated order, the company must either accept or reject the order and provide customer notification according to the instructions provided in the DPAS regulation (15 CFR § 700.13).

Please select one of the topics below to learn more:

- Mandatory Acceptance
- Mandatory Rejection
- Optional Rejection
- Customer Notification Requirements
Mandatory Acceptance
15 CFR § 700.13 (a)

• Any company in the United States must accept and fill a rated order for items that the company normally supplies.

• A company may not discriminate against rated orders in any manner, such as by charging higher prices or by imposing different terms and conditions than for comparable unrated orders.

• If a company accepts a rated order, the company must meet the requirements of that rated order, such as delivery date.
Mandatory Rejection
15 CFR § 700.13 (b)

• A company may not accept a rated order for delivery on a specific date it is unable to meet that date.
  – However, the company must inform the customer of the earliest date on which delivery can be made and offer to accept the order on the basis of that date.

• The existence of previously accepted unrated or lower rated orders is not sufficient reason for rejecting a rated order.
A company may reject a rated order in any of the following cases as long as it does not discriminate among customers:

1. If the customer placing the order is unwilling or unable to meet regularly established terms of sale or payment.
2. If the order is for an item not supplied or a service not performed.
3. If the order is for an item produced, acquired, or provided only for the company’s own use for which no orders have been filled for two years prior to the date of the receipt of the rated order. If, however, the company has sold some of these items, it must accept rated orders up to the quantity or portion of production, whichever is greater, sold within the past two years.
4. If the customer placing the order, other than the U.S. Government, makes the item or performs the service being ordered.
Customer Notification Requirements

15 CFR § 700.13 (d)(1)

- A company must accept or reject a rated order in writing (hard copy), or in electronic format, to the customer placing the order within 15 working days after receipt of a DO rated order and 10 working days after receipt of a DX rated order.

- If the order is rejected, a company must provide the reasons in writing for the rejection.

- If a company has accepted a rated order and subsequently finds that the shipment or performance will be delayed, the company must notify the customer immediately, give the reasons for the delay, and advise of new shipment or performance date. If notification is given verbally, written (hard copy) or electronic confirmation must be provided within one working day of the verbal notice.
If a rated order is placed for the purpose of emergency preparedness requirements and expedited action is necessary or appropriate to meet these requirements, and the order includes the statement set forth in 700.12(b), a company must accept or reject the rated order (in writing or electronically).

- If the order is issued by an authorized person in response to a hazard that has occurred, the minimum time for acceptance or rejection is six hours after receipt.

- If the order is issued by an authorized person to prepare for an imminent hazard, the minimum time for acceptance or rejection is 12 hours after receipt.
Step 4
Step 4: Preferential Scheduling

• Once a company has accepted a rated order, it must then schedule operations, including the acquisition of all needed production items, in order to satisfy the delivery requirements of each rated order.

• Companies are required to reschedule unrated orders if they conflict with performance against a rated order and must reschedule DO rated orders if they conflict with performance against a DX rated order.

• The DPAS regulation (15 CFR § 700.14) describes the requirements for preferential scheduling in further detail.

• Click here for examples of how preferential scheduling would be applied.
Below are examples of how preferential scheduling would be applied:

- **Example 1:** If a company receives a DO rated order with a delivery date of June 3 and if meeting that date would mean delaying production or delivery of an item for an unrated order, the unrated order must be delayed.

- **Example 2:** If a DX rated order is received calling for delivery on July 15 and a company has a DO rated order requiring delivery on June 2 and operations can be scheduled to meet both deliveries, there is no need to alter production schedules to give any additional preference to the DX rated order.
Step 5
Step 5: Extension of Priority Ratings

• Companies who receive rated orders must in turn place rated orders with their suppliers for the items they need to fill the rated orders.

• This continues from contractor to subcontractor to supplier throughout the entire supply chain.

• Companies must use the priority rating indicated on the customer’s rated order, except as otherwise provided in the DPAS regulation or as directed by the DOC.
Step 5: Extension of Priority Ratings

• A person is not required to place a priority rating on an order for less than $75,000, or on half of the Simplified Acquisition Threshold (as established in the Federal Acquisition Regulations (FAR)), whichever amount is greater, provided that delivery can be obtained in a timely fashion without the use of the priority rating.

• More information regarding extension of priority ratings can be found in 15 CFR § 700.15.
Additional Information
The DPAS Regulation provides additional information that a company in receipt of a rated order should be aware of. Select the topics below to learn more:

- Changes or Cancellations of Priority Ratings and Rated Orders (15 CFR § 700.16)
- Use of Rated Orders (15 CFR § 700.17)
- Limitations on Placing Rated Orders (15 CFR § 700.18)
- Records and Reports (15 CFR § 700.91)
The DPAS Regulation (15 CFR § 700.16) identifies how priority ratings and rated orders may be changed or cancelled. For example:

- The priority rating on a rated order may be charged or cancelled by:
  - An official action of the Department of Commerce
  - Written notification from the person who placed the rated order (including a Delegate Agency)

- If an unrated order is amended to make it a rated order, or a DO rating is changed to a DX rating, the supplier must give the appropriate preferential treatment to the order as of the date the change is received by the supplier.

- An amendment to a rated order that significantly alters a supplier’s original production or delivery schedule shall constitute a new rated order as of the date of its receipt. The supplier must accept or reject the amended order according to the provisions of § 700.13.
Examples continued:

• The following amendments do not constitute a new rated order: a change in shipping destination; a reduction in the total amount of the order; an increase in the total amount of the order which has negligible impact upon deliveries; a minor variation in size or design; or a change which is agreed upon between the supplier and the customer.

• If a person no longer needs items to fill a rated order, any rated orders placed with suppliers for the items, or the priority rating on those orders, must be cancelled.

• When a priority rating is added to an unrated order, or is changed or cancelled, all suppliers must be promptly notified in writing.
The DPAS Regulation (15 CFR § 700.17) identifies how rated orders must, and can, be used.

Below are a few examples of the instructions found in 15 CFR § 700.17:

• A company must use rated orders to obtain:
  – Items which will be physically incorporated into other items to fill rated orders, including that portion of such items normally consumed, or converted into scrap or by-products, in the course of processing;
  – Containers or other packaging materials required to make delivery of the finished items against rated orders;
  – Services, other than contracts of employment, needed to fill rated orders; and
  – MRO needed to produce the finished items to fill rated orders.

• A person may use a rated order to replace inventoried items (including finished items) if such items were used to fill rated orders, as follows:
  – The order must be placed within 90 days of the date of use of the inventory.
The DPAS regulation (15 CFR § 700.18) outlines limitations on placing rated orders. Such limitations include:

- A person may not place a DO or DX rated order unless entitled to do so under the DPAS regulation.

- Rated orders may not be used to obtain:
  - Delivery on a date earlier than needed,
  - A greater quantity of the item than needed (with exception), or
  - Items in advance of the receipt of a rated order (with exception).
The DPAS regulation (15 CFR § 700.91) outlines the recordkeeping and reporting requirements a company must adhere to.

Below are a few examples of the important requirements:

• A company is required to make and preserve for at least three years, accurate and complete records for any transaction covered by DPAS regulation or an official action.

• Records must be maintained in sufficient detail to permit the determination, upon examination, of whether each transaction complies with the provisions of this part or any official action.

• Records required to be maintained must be made available for examination on demand by duly authorized representatives of the DOC.
Important Notes
Important Notes

• Immediately notify the customer when you can’t meet a delivery date, such as a DX request is received that overrides a DO request.

• If a company notifies the customer verbally, they should provide written notification one working day later.
  – This could trigger a Special Priorities Assistance (SPA) Request. SPAs will be covered in this training.
Appendix C:
Special Priorities Assistance
Example:

SPA Form BIS-999

This form can be found as Appendix I to 15 CFR 700.
SPA: Requests for Priority Rating Authority

• If a rated order is likely to be delayed because a person is unable to obtain items not normally rated under 15 CFR Part 700, the person may request the authority to use a priority rating in ordering the needed items. Examples include:
  – Production or construction equipment;
  – Computers when not used as production items; and
  – Expansion, rebuilding, or replacing plant facilities.

• In certain cases and upon specific request, the DOC, in order to promote the national defense, may authorize a person to place a priority rating on an order to a supplier in advance of the issuance of a rated prime contract.

• For more information, see 15 CFR § 700.51.
SPA: Examples of Assistance

While special priorities assistance may be provided for any reason in support of 15 CFR 700, it is usually provided in situations where:

• There is difficulty in obtaining delivery against a rated order by the required delivery date.

• Delivery conflicts need to be resolved.
Requests for special priorities assistance should be timely, that is, the request has been submitted promptly and enough time exists for the Delegate Agency or Commerce to effect a meaningful resolution to the problem, and must establish that:

- There is an urgent need for the item
- The applicant has made a reasonable effort to resolve the problem
Examples of when assistance may not be provided:

• Secure a price advantage
• Obtain delivery prior to the time required to fill a rated order
• Gain competitive advantage
• Overcome a supplier’s regularly established terms of sale or conditions of doing business
SPA: Assistance Programs with Canada and Other Nations

• To promote military assistance to foreign nations, this section provides for authorizing priority ratings to persons in Canada and in other foreign nations to obtain items in the United States in support of approved programs.

• Although priority ratings have no legal authority outside of the United States, this section also provides information on how persons in the United States may obtain informal assistance from countries that the U.S. Government has security of supply arrangements with in support for approved programs.
• Security of supply is a non-binding arrangement concluded by the U.S. Government with a foreign partner to provide reciprocal priorities support.

• The U.S. Government has security of supply arrangements with the following countries:
  – Australia
  – Canada (MOU)
  – Finland
  – Italy
  – The Netherlands
  – Spain
  – Sweden
  – United Kingdom
SPA: Assistance Programs with Canada and Other Nations

- Arrangements establish a process to request priority acceptance and performance of contracts, subcontracts, and purchase orders to address national defense needs.
  - Provides U.S. assurance of meeting requests via the DPAS
  - Provides foreign assurance via an Industry Code of Conduct

- Assistance can be requested by Governments, contractors, subcontractors, or suppliers.

- Not limited to crises, emergency, or armed conflict.
Appendix D: Official Actions
An official action granting specific priority rating authority that permits a person to place a priority rating on an order for an item not normally ratable under this regulation, or authorizes a person to modify a priority rating on a specific order or series of contracts or orders.
Official Actions:
Directives

• An official action requiring a company to deliver an item or take other action within a specified time frame.

• A company must comply with each Directive issued, however, a company may not use or extend a Directive to obtain any items from a supplier, unless expressly authorized to do so in the Directive.

• Directives take precedence over all DX rated orders, DO rated orders, and unrated orders previously or subsequently received, unless a contrary instruction appears in the Directive.
Official Actions: Letters of Understanding

• An official action which may be issued in resolving SPA requests to reflect an agreement reached by all parties (DOC, the Delegate Agency, the supplier, and the customer).

• A Letter of Understanding is used to confirm production or shipping schedules which do not require modifications to other rated orders.

• A Letter of Understanding is NOT used to alter scheduling between rated orders, to authorize the use of priority ratings, to impose restrictions under this regulation, or to take other official actions.