

FOCI Compliance Checklist for Small Business Contractors

Stay Eligible, Stay Secure, Stay Informed

This reference sheet is designed to serve as a practical guide for contractors who are navigating Foreign Ownership, Control, or Influence (FOCI). It is for reference use only and should not be used in place of expert guidance or legal counsel.

STEP 1: Assess FOCI Risk

- ☐ Determine if your company has foreign owners (including beneficial ownership).
- ☐ Identify any foreign board members, officers or executives.
- ☐ Review any contracts, debts or agreements with foreign entities.
- ☐ Evaluate foreign subsidiaries, suppliers or revenue streams ($\geq 5\%$ of revenue from one foreign entity = red flag).
- ☐ Complete [Standard Form \(SF\) 328](#) truthfully and thoroughly.

STEP 2: Understand Your Clearance Needs

- ☐ Does your contract require a Facility Security Clearance (FCL)? If yes, FOCI must be mitigated before clearance is granted.
- ☐ Are you pursuing Small Business Innovation Research (SBIR) and/or Small Business Technology Transfer (STTR) awards? If yes, disclosure rules apply, even without an FCL requirement.
- ☐ Must report relationships with "covered individuals" and ties to countries of concern (China, Russia, Iran, North Korea).

STEP 3: Select & Implement Mitigation Measures (If FOCI Exists)

- **Work with DCSA to select and implement the correct tool:**
- ☐ Board Resolution (BR) – Foreign interest has no board seat or control.
 - ☐ Security Control Agreement (SCA) – Minority foreign ownership with board representation; appoint Outside Directors.

For Reference Use Only

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☐ Special Security Agreement (SSA) – Majority foreign control; strict limits on access, with three (3) Outside Directors.

☐ Proxy Agreement (PA) or Voting Trust Agreement (VTA) – Foreign entity relinquishes voting rights; U.S. citizens control the company.

→ **Additional mitigation tools:**

☐ Technology Control Plan (TCP) – Limits foreign nationals' access to sensitive information on-site.

☐ Electronic Communications Plan (ECP) – Tracks communications between foreign owners and cleared entities.

STEP 4: Maintain Compliance Over Time

☐ Designate a Facility Security Officer (FSO) to lead security efforts.

☐ Conduct annual reviews of ownership, board makeup and foreign relationships.

☐ Update DCSA if any material changes occur (mergers, new investors, etc.).

☐ Train key personnel involved in mitigation, such as Government Security Committee (GSC) members, Outside Directors, etc.

☐ Review DCSA inspection requirements regularly.

STEP 5: SBIR/STTR Specific Considerations

☐ Review [Appendix III of the 2023 SBIR/STTR Policy Directive](#).

☐ Submit foreign disclosures for all "covered individuals."

☐ Flag any foreign investments, employment or advisory roles of key personnel.

☐ Verify that no foreign entity has undue influence over R&D project execution.

Key Contacts & Resources

- Your Facility Security Officer (FSO)
- Your DCSA Industrial Security Representative
- Your Local APEX Accelerator Representative: <https://www.apexaccelerators.us/#/>
- DCSA FOCI Website: <https://www.dcsa.mil/FOCI/>
- DOD OSBP FOCI Website: <https://business.defense.gov/Resources/FOCI/>

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