



DEPARTMENT OF THE ARMY
U.S. ARMY SECURITY ASSISTANCE COMMAND
5701 21ST STREET
FORT BELVOIR, VA 22060-5940

REPLY TO
ATTENTION OF

14 March 2002

AMSAC-MP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Direct Exchange (DX) Policy (USASAC 02-04)

1. In 1996, Section 152 of the Public Law 104-164 authorizing the DX of unserviceable reparable items sold through Foreign Military Sales (FMS) was incorporated into paragraph 21(L) of the Arms Export Control Act (AECA) (22 USC 2761(1)). Meetings with the U.S. Army Security Assistance Command, Major Subordinate Commands and FMS community were held and system changes were identified. In August of 2001, the final data base changes were implemented and tested allowing for the program to begin.

2. The DX program is an enhancement to the Maintenance Support Arrangement (MSA) Program. It is not a repair program nor is it meant to replace the Repair and Return program. It allows the customer to replace a depot level reparable, secondary item in lieu of repairing it providing stockage level authorizes the exchange.

3. The DX option only applies to secondary items that are standard and reparable. Major end items are not eligible for the DX option. Only U.S. Army managed items can be accepted for the program. These reparable items, other than aviation, are listed in the Army FEDLOG/ARMYFMSLOG and coded as reparable. The FEDLOG/ARMYFMSLOG also identifies the amount of credit that will be authorized on a DX item. The aviation items eligible for DX are provided on a separate list. Types of items that may not be eligible for DX are some classified items, ammunition and explosives, obsolete items, nonstandard items, excess defense articles and programmable items where configuration control could be compromised. Aviation critical safety items are excluded.

3. The DX program is set up to process on a Cooperative Logistics Supply Support Arrangement (CLSSA) or a Blanket Order (BO) case. A new case may be requested or an amendment/

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modification to an existing CLSSA or BO case can be requested. A requirement for a separate line on the case is not mandatory but may be requested. If additional money is added to an existing Letter of Offer and Acceptance (LOA), an amendment is required. If an existing LOA is changed to only add the DX notes to the case, a modification is sufficient.

5. Enclosed is a DX Program Customer Handbook that explains the program and identifies the transactions that are used in the program.

6. The point of contact for this action is Ms. Joan A. Buchanan, AMSAC-MP, 703-806-2281 or DSN 656-2281.

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2 Encls

1. Aviation Items
2. DX Customer Handbook



CARLOS A. PIAD
Director for
Policy and Procedures

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