SECNAV INSTRUCTION 4920.5A

From: Secretary of the Navy

Subj: POLICY AND PROCEDURES FOR SYSTEM SUPPORT BUY OUT

Ref: (a) DSCA Manual 5105.38-M, Security Assistance Management Manual (SAMM)
(b) DoD 7000.14-R, Department of Defense Financial Management Regulation (DoD FMR)

1. Purpose. To establish policies and procedures for ensuring provisions in reference (a) on System Support Buy Out (SSBO) are adhered to throughout the Sea Services Foreign Military Sales (FMS) enterprise, including the U.S. Navy, U.S. Marine Corps, and the U.S. Coast Guard.

2. Cancellation. SECNAVINST 4920.5.

3. Applicability. This instruction applies to the Offices of the Secretary of the Navy (SECNAV), the Chief of Naval Operations (CNO), the Commandant of the Marine Corps (CMC), and all U.S. Navy, U.S. Marine Corps installations, commands, activities, field offices, and all other organizational entities within the Department of the Navy (DoN) for which Navy International Programs Office (IPO) is the FMS case implementing agency.

4. Scope. Provides policy guidance and procedures for the SSBO process when a weapons system or equipment is approaching the final stages of production and final procurements are planned.

5. Background. The military services commonly retire systems or material that are still in use by foreign purchasers of those items. Giving these purchasers a minimum notice of two years prior to the close out date for U.S. use of the item provides time for the FMS purchaser to plan for follow-on support.

6. Policy. The SSBO program will:
   a. Give FMS purchasers the earliest possible notification
of the planned production phase out of systems and equipment by
the DoN. Reference (a), chapter 6, requires a minimum of two
years to be afforded FMS purchasers to budget for and fund the
SSBO.

b. Provide FMS purchasers an opportunity to maintain some
degree of support into the future for common systems/equipment
in their operating inventories by offering DoN provisioning of
support parts and services in the range and depth requested by
the affected FMS purchaser during the two-year period.

7. Pricing and Ordering. Pricing of material offered under a
SSBO will follow normal FMS pricing procedures in accordance
with reference (b), Volume 15 (Security Cooperation Policy),
Chapter 7 (Pricing). Purchasers may request a new FMS blanket-
order supply support case or utilize an existing FMS blanket-
order case. After the two-year support buy out period, FMS
purchasers may be able to obtain system-unique spare parts from
one of the following options; however, there is no guarantee
that the material will still be available in the DoD supply
system:

a. Requisition from DON on-hand stock until that stock is
exhausted.

b. Requisition from any available excess stock that has
been turned over to the Defense Reutilization and Marketing
Service/Office.

c. Procurement through Direct Commercial Sale from a
commercial vendor.

d. Procurement through FMS case from a commercial vendor.

8. Responsibilities. SSBO is initiated by the responsible CNO,
CMC, or Commandant of the Coast Guard (CCG) program sponsor, in
conjunction with the Systems Command responsible for the weapons
system of equipment planned for phase-out. The SSBO process is
as follows:

a. The CNO, CMC, or CCG sponsor for the weapons system or
equipment scheduled for phase-out will notify the responsible
Systems Command of the phase-out plan.

b. The Systems Commands (Naval Air Systems Command, Naval
Sea Systems Command, Space and Naval Warfare Systems Command,
Marine Corps Systems Command, and Coast Guard Acquisition Directorate) will:

(1) Advise Navy IPO of countries affected by the phase-out of systems and equipment known to be in their possession.

(2) Coordinate with Navy Supply Systems Command Weapons System Support International Programs Directorate N52, or the responsible lifecycle logistics organization, to ensure that support is provided to FMS purchasers during the two year buy-out period.

c. Navy IPO will, after receipt of a notification of the need for a system or equipment buy-out, notify affected FMS purchasers that U.S. Government procurements for the systems or equipment will be phasing out. The notification shall advise FMS purchasers that they may continue to order unique spares and repair parts for the systems or equipment during the buy-out period.

d. The lifecycle logistics organizations will coordinate with the Systems Commands to ensure that support is provided to FMS purchasers during the buy-out period.

9. Records Management

a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned according to the records disposition schedules found on the Directives and Records Management Division (DRMD) portal page: https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/SitePages/Home.aspx/.

b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact your local Records Manager or the DRMD program office.

10. Review and Effective Date. Per OPNAVINST 5215.17A, Navy IPO will review this instruction annually on the anniversary of its effective date to ensure applicability, currency, and consistency with Federal, DoD, SECNAV, and Navy policy and statutory authority using OPNAV 6215/40 Review of Instruction.
This instruction will automatically expire five years after effective date unless reissued or cancelled prior to the 5-year anniversary date, or an extension has been granted.

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