



Transfer of Defense Articles: Foreign Military Sales (FMS)

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Overview

Under the Foreign Military Sales (FMS) program, authorized by Congress in the Arms Export Control Act of 1976 (AECA; P.L. 90-629; [22 U.S.C. §§2751 et seq.](#)), as amended, the U.S. government sells or transfers U.S. defense articles, services, and training (hereinafter “defense articles”) to foreign countries and international organizations. The Department of State (DOS) Bureau of Political Military (PM) Affairs provides policy approval and oversight of FMS cases; the Department of Defense (DOD, which is “using a secondary Department of War designation,” under [Executive Order \[E.O.\] 14347](#) dated September 5, 2025), implements such cases through the Defense Security Cooperation Agency (DSCA). FMS is distinct from [Direct Commercial Sales](#), in which foreign governments purchase defense articles directly from U.S. companies. DSCA uses the FMS system to manage DOS-funded Foreign Military Financing (FMF) and many DOD-funded Building Partner Capacity programs (or pseudo-FMS or BPC cases). In FY2025, the combined value of U.S. defense articles, services, and security cooperation activities conducted under the FMS system totaled \$104.4 billion, including \$75.9 billion in arms sales funded by U.S. allies and partner nations; \$17.9 billion in arms transfers funded through FMF; and \$10.6 billion in DOD BPC and certain DOS security assistance programs, [according to DOS](#). Examples of countries with high-value proposed FMS sales in FY2025 included Israel, Egypt, and Japan.

FMS: Policy and Guidance

The AECA authorizes FMS through sales from DOD stocks ([22 U.S.C. §2761](#)), procurement for cash sales ([22 U.S.C. §2762](#)), credit sales ([22 U.S.C. §2763](#)), and guaranties ([22 U.S.C. §2764](#)). The AECA requires advance congressional notification for cases meeting certain criteria and sets conditions on the end-use and retransfer of items. The Foreign Assistance Act of 1961 (FAA; P.L. 87-195; [22 U.S.C. §§2151 et seq.](#)), as amended, provides broader eligibility, restrictions, and additional considerations that inform transfer decisions. Conventional Arms Transfer (CAT) policies have guided executive-branch risk judgements and priorities. Beginning in April 2025, the Trump Administration issued E.O.s revising this policy framework and its implementing processes. [E.O. 14268](#) reinstated the first Trump Administration’s 2018 CAT policy ([National Security Presidential Memorandum-10](#)) and directed reforms intended to improve the timeliness and predictability of U.S. arms transfers. [E.O. 14383](#) of February 6, 2026, built on the 2025 E.O. and elevates industrial-capacity building from a supporting rationale to an organizing principle of U.S. arms transfer policy. It directed agencies to develop a sales catalog of priority systems, informed by U.S. defense industrial base needs and to prioritize transfers to partners that invest in their own defense. On [February 10, 2026](#), DOD [realigned](#) DSCA and the Defense Technology Security Administration under the Under Secretary of Defense for Acquisition and Sustainment, which DOD stated creates a “single enterprise” overseeing arms sales from acquisition

through delivery. (The Under Secretary is using “Under Secretary of War” as a “secondary title” under E.O. 14347.) FMS procedures are defined in the DSCA’s Security Assistance Management Manual (SAMM; [DSCA 5105.38-M](#)).

FMS: Roles and Responsibilities

DOS sets U.S. arms transfer policy and provides case-by-case approval for FMS proposals, primarily through the PM Bureau, [Office of Regional Security and Arms Transfers](#) (PM/RSAT). Within DOD, DSCA administers and implements FMS, directing [agencies](#) that develop Letters of Offer and Acceptance (LOA), the formal agreement between the U.S. government and the partner nation that sets the sale terms; conduct contracting; manage financial transactions; and oversee implementation. U.S. embassies—through Security Cooperation Organizations (SCO)—coordinate with partner governments on individual case requirements, support end-use monitoring, and facilitate in-country activities. Other DOD stakeholders may advise on technology-security/foreign-disclosure (TS/FD), releasability, and regional considerations. Congress oversees FMS through formal briefings, answers to committee inquiries, and pre-and post-sale updates—and by enforcing AECA notification requirements that trigger review periods and provide for potential legislative disapproval of proposed sales. Congress may add FMS-specific authorities, limitations, or reporting requirements in annual National Defense Authorization Acts and appropriations acts, or other legislation. The 119th Congress has proposed and enacted legislation intended to improve the FMS process, increase oversight, and codify provisions of E.O. 14268 (e.g., [P.L. 119-60](#), §§1211-1215; [H.R. 8665](#); [H.R. 8661](#)).

Types of FMS Cases

There are three standard FMS [case types](#): Defined Order (DO) cases identify specific defense articles, services, quantities, and delivery parameters; Blanket Order (BO) cases establish a funding ceiling to requisition recurring consumables, spares, repairs, and minor services against pre-approved categories over time; and Cooperative Logistics Supply Support Arrangements (CLSSA) provide long-term supply through an initial investment and follow-on replenishment requisitions.

FMS Process

There are five phases of the FMS process: Pre-letter of Request (LOR), Case Development, Case Implementation, Case Execution, and Case Closure.

Pre-letters of Request (LOR)

The FMS process begins when a prospective purchaser submits a LOR, often after consulting with U.S. officials. Throughout these consultations, the U.S. team and international partner refine the sale’s requirements, confirm the partner nation’s eligibility for the requested items, and discuss items such as financing options, production-line status, sustainment and training options, and any TS/FD considerations. Once the prospective purchaser submits the LOR to the [appropriate DOD implementing agency](#) (IA), the

IA enters the LOR into the Defense Security Assistance Management System (DSAMS). The IA then assesses the LOR against [mandatory criteria](#) to determine its actionability and coordinates any additional reviews.

Figure 1. Foreign Military Sales (FMS) Process

Pre-Letter of Request (LOR) 0 days - multiple years	Case Development 0 - 150 days	Case Implementation 0 - 365 days	Case Execution 0 - 10 years	Case Closure 0 - multiple years
- Prospective purchaser defines needs (often in consultation with U.S.G.) - Purchaser requirements refined; LOR build - LOR submitted to IA - IA assessment/ LOR actionability determined	- P&A (if requested) - LOA build - TS/FD reviews - State Dept./ Congressional reviews - DSCA countersign; LOA offered - LOA signed	- IA receives signed LOA & initial deposit - DFAS issues Obligational Authority - IA issues implementing instructions across DOD - EUM setup - Case reconciliation begins	- Contracting, acquisition, requisition of defense articles - Logistical, financial elements of LOA executed - Training/defense services planned and delivered - Defense articles delivered - Periodic case reviews - Active case reconciliation	- Supply/Service Complete - IA and DFAS reconcile financial & logistical transactions - IA generates closure certificate - DFAS closes case accounts

Source: CRS analysis of Defense Security Cooperation Agency's (DSCA) Security Assistance Management Manual (SAMM; [DSCA 5105.38-M](#)).

Notes: LOR: Letter of Request; LOA: Letter of Offer and Acceptance; IA: Implementing Agency; P&A: Price and Availability; TS/FD: technology-security/foreign-disclosure; DFAS: Defense Finance and Accounting Service; EUM: end-use monitoring; U.S.G.: U.S. government.

Case Development

During case development, the IA assigns a [case manager](#) and either provides [Price & Availability \(P&A\)](#) for planning or builds the [draft LOA](#). In parallel, several processes may be initiated, including [Country Team Assessments](#), [TS/FD reviews](#), and [releasability decisions](#). The IA develops the [price](#), [schedule](#), [terms of sale](#), and [payment plan](#). DSCA's Case Writing Division uses DSAMS to generate the payment schedule from the IA-provided data and inserts standardized [LOA notes](#) using the [LOA Standardization Guide](#). Once the draft is complete, DSCA performs a quality and policy review and coordinates with DOS. If applicable, the interagency completes a [congressional notification](#). In such a case, under [department policy](#), DSCA cannot issue the LOA until the statutory review periods expire. After DSCA countersigns, the IA issues the LOA, which includes itemized defense articles, [standard terms and conditions](#), and an [Offer Expiration Date](#). Once the partner accepts the LOA and provides the initial deposit, case development ends and implementation begins. Signed LOAs and their subsequent Amendments and Modifications are referred to as "FMS cases."

Case Implementation

Once the IA receives the signed LOA and required funding, the Defense Finance and Accounting Service-Security Cooperation Accounting (DFAS-SCA) provides the IA with [Obligational Authority](#) (OA) from DSAMS to the IA-specific accounting system. The IA must receive the OA before it can legally place orders, award contracts, or submit requisitions against the [FMS Trust Fund](#). The IA then sends detailed implementing instructions to the DOD components involved in executing the FMS case.

Case Execution

Case execution begins when the IA places orders and awards contracts against the signed LOA. This phase is typically the longest in the FMS cycle because it covers manufacturing, supply, transportation, maintenance, training, financial management, [case amendment or modification](#), and ongoing case oversight. Program and contracting teams either buy [new defense articles](#) or [requisition](#) such articles through the DOD supply

system. In parallel, the DOD components responsible for logistics set delivery terms and [title transfer](#) points, book lift through the [Defense Transportation System](#) or the partner's [freight forwarder](#), and manage packing, marking, port handling, and [proof of delivery](#). Throughout execution, the IA runs periodic [case reviews](#) to track cost, schedule, and performance. Case managers, in coordination with SCOs, [are responsible for tracking](#) FMS delivery status.

Case Closure

Case closure of an FMS case begins once the case is determined to be [Supply/Service Complete](#) (i.e., all defense articles have been delivered, services and training finished, and LOA conditions met). Closure is a coordinated IA-DFAS-partner effort to reconcile logistics and finances and formally end the case in DOD systems—marked by the IA's closure certificate and DFAS's final accounting actions.

Golden Sentry End-Use Monitoring (EUM)

DSCA manages DOD's EUM program, known as Golden Sentry, for FMS transfers. Under [22 U.S.C. §2785](#), program officials are to verify FMS purchaser compliance with LOA terms and other U.S. requirements. Heightened scrutiny is required for certain designated [Enhanced-EUM items](#) (e.g., certain missile types). EUM planning begins in case development, and EUM requirements are embedded into the LOA. During implementation, DSCA and the IA are to establish a [Security Cooperation Information Portal](#) for the SCO and partner personnel to verify items are delivered (i.e., post-delivery checks). Throughout execution, SCOs are to conduct routine and enhanced checks through site visits, inventory and record reviews, and report potential unauthorized end-use or losses.

Additional Resources

- CRS Report R46337, [Transfer of Defense Articles: U.S. Sale and Export of U.S.-Made Arms to Foreign Entities](#)
- CRS Report RL31675, [Arms Sales: Congressional Review Process](#)
- DSCA, [Security Assistance Management Manual \(SAMM\)](#).

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