



Canadian Exemption
Compliance Policy

Document #
ECP 002 – C

CANADIAN EXEMPTION COMPLIANCE POLICY



TITLE	APPROVAL SIGNATURE	DATE
Corporate ITAR Compliance Officer		8/5/11
VP & General Counsel (Empowered Official)		8/5/11



Note: This document describes the general policy for applying the Canadian Exemption clause of the ITAR Regulations. Refer to document number ECP 001 for the general ITAR compliance policy and procedures.

1.0 Background & Overview

- 1.1 The ITAR generally prohibits the export of ITAR-controlled goods and technical data outside the United States without an export license. Section 126.5(c) of the ITAR (the “Canadian Exemption”) provides an exemption for the export of technical data to Canada as necessary for the performance of certain “defense services.” Exports must strictly comply with the requirements of Section 126.5(5) to be eligible for the Canadian Exemption.
- 1.2 The purpose of this policy and related procedures is to (1) enable DDi Toronto’s manufacturing facility to manufacture eligible ITAR-controlled goods for U.S. customers and (2) enable DDi Toronto’s design center to design eligible ITAR-controlled goods for U.S. customers, both in accordance with the requirements of the Canadian Exemption.

2.0 Registrations Required

- 2.1 Only “Canadian-registered persons” are eligible to receive data or equipment under the Canadian Exemption. Canadian registered persons include Canadian business entities organized under the laws of Canada that are registered in Canada in accordance with the Canadian Defense Production Act.
- 2.2 In addition, the company exporting controlled goods or technical data must be registered with the DDTC in order to rely on the Canadian Exemption.
- 2.3 **At all times while working on ITAR-controlled products, (i) DDi Toronto Corp. must be registered with the Controlled Goods Directorate of the Canadian Government pursuant to the Controlled Goods Program (CGP) and (ii) DDi Corp. must be registered with the DDTC.**
- 2.4 DDi Toronto Corp. is currently registered with the CGP, under registration number 20775.
- 2.5 DDi Corp. is currently registered with the DDTC, under registration number M16313.



3.0 Inter-Company Non-Disclosure Agreement

- 3.1 For the Canadian Exemption to apply, there must be a written arrangement (NDA or other multiparty agreement, contract or purchase order) between the party exporting technical data to Canada and the Canadian Registered recipient that meets the requirements of the Canadian Exemption.
- 3.2 DDi Corp. and DDi Toronto Corp. have entered into an Intercompany Non-Disclosure agreement that meets the requirements of the Canadian Exemption – Reference document number ECP Form 012 – Internal Non-Disclosure Agreement form.

4.0 Permitted Activities

- 4.1 The activities that DDi Toronto Corp. is permitted to perform under the Canadian Exemption is limited to:
- 4.1.2 Build-to-Print (DDi Toronto Corp. can produce a defense article from engineering drawings without technical assistance from DDi in the U.S. or the customer)
- 4.1.3 Build/Design-to-Specification (DDi Toronto Corp. can design and produce a defense article from specifications without technical assistance from the Customer of DDi in the U.S.)
- 4.1.4 Basic Research (systematic study directed toward greater knowledge without specific applications toward processes or products in mind)
- 4.1.5 Maintenance (inspection, testing, calibration or repair including overhaul, reconditioning and one-for-one replacement. You may not make any modification, enhancement, upgrade or other form of alteration or improvement that changes basic performance)
- 4.1.6 Final analytical results and initial conditions and parameters
- 4.2 DDi Toronto Corp. may **not** perform any of the following services in connection with ITAR projects:
- 4.2.1 Design Methodology (“how-to”, lessons learned, rationale & associated databases that establish operational requirements)
- 4.2.3 Engineering Analysis (including development and/or use of mock-ups, computer models & simulations and test facilities)
- 4.2.4 Manufacturing Know-How (detailed manufacturing processes & techniques to translate a design to finished product)



5.0 Ineligible Exports

5.1 Certain types of products (and their related technical data) cannot be exported under the Canadian Exemption. The following products and related technical data **cannot** be exported to Canada pursuant to the Canadian Exemption:

- 5.1.1 Defense articles and related technical data enumerated in Section 126.5(b) of the ITAR.
- 5.1.2 Any export for which Congressional Notification is required.
- 5.1.3 Any product and related technical data identified on the Missile Technology Control Regime Annex (Sec. 121.16) of the ITAR.
- 5.1.4 Prior to sending any technical data to Toronto, DDi must verify that the technical data does not relate to an ineligible product.

6.0 Requirements for Utilizing the Canadian Exemption

6.1 When sending technical data to Toronto pursuant to the Canadian Exemption, DDi must comply with the following procedures:

- 6.1.1 DDi must obtain a written statement from the customer that:
 - 6.1.1.1 verifies that the items are for end-use in Canada or return to the United States and will not be exported to non-Canadian Persons or outside of Canada without prior written approval of the U.S. State Department, Directorate of Defense Trade Controls (DDTC);
 - 6.1.1.2 certifies that the products to be manufactured are not ineligible for the Canadian Exemption; and
 - 6.1.1.3 acknowledges and consents to the products being manufactured in Canada.
 - 6.1.1.4 reference document number ECP Form 013 – ITAR Manufacturing Agreement form.
- 6.1.2 DDi's commercial invoices and shipping documents will include the following exemption reference: "This shipment is being made pursuant to 22 CFR 126.5 and 120.1(c)."
- 6.1.3 For all exports of technical data under the Canadian Exemption, DDi must also make a certification of eligibility to file and keep a record of



what was shipped. This is done by identifying the exemption and includes details of what was shipped, the name of the recipient/end user, and date and time of export and the method of transmission (i.e. fax, email, etc.).

- 6.1.4 DDi must maintain records of ALL exemption shipments and data transfers for a period of five (5) years from the date of export/transfer.
- 6.1.5 DDi Toronto Corp. must be in compliance with its CGP policies and procedures at all times while working on ITAR projects.
- 6.1.6 All US technical data must contain the following statement:

“This document contains technical data, the use of which is restricted by the U.S. Arms Export Control Act. This data has been provided in accordance with, and subject to, the limitations specified in Para. 126.5 of the International Traffic in Arms Regulations (ITAR). By accepting this data, the consignee agrees to honor the requirements of the ITAR.”

7.0 Reporting Requirements

- 7.1 DDi must provide the Office of Defense Trade Controls Licensing (ODTCL) semi-annual reports of all on-going activities using the Canadian Exemption. The report must include details of:
 - 7.1.1 Article(s) being produced
 - 7.1.2 End user(s)
 - 7.1.3 End item into which the product is incorporated
 - 7.1.4 Intended end use of the product
 - 7.1.5 Names and addresses of all Canadian contractors and subcontractors, if any.

8.0 Reference Documents

- 8.1 ECP 001 – ITAR Policy
- 8.2 WI-194 – CGRP Policy
- 8.3 ECP Form 012 – Internal Non-Disclosure Agreement
- 8.4 ECP Form 013 – ITAR Manufacturing Agreement



Canadian Exemption
Compliance Policy

Document #
ECP 002 – C

DATE	REVISION	DESCRIPTION OF CHANGES
7/3/08	A	Initial Release
12/17/10	B	<ol style="list-style-type: none">1. Various edits to incorporate the formal name changes as follows: Dynamic Details Canada Corp. to DDi Toronto Corp.2. Revised the name “NDA” to “Customer Design/Manufacture Agreement”.3. Incorporated the term “Design” throughout.
5/19/11	C	Revised the ITAR Manufacturing Agreement form to include Attachment A for listing of part number information.