

# Registration Rules: DDTC clarifies that U.S. Persons Working for Non-U.S. Entities Must Register

The Directorate of Defense Trade Controls at the U.S. Department of State ("DDTC") has issued a proposed rule today (the "Proposed Rule") clarifying that the registration and licensing requirements under the International Traffic in Arms Regulations ("ITAR") apply to U.S. individuals, whether located in the United States or abroad, who are engaged in the business of furnishing defense services to non-U.S. employers.

## Potential Impact

The Proposed Rule will have a significant impact for non-U.S. companies that employ U.S. persons who provide defense services. Such individuals will now be required to register, whereas prior to the rule, whether such individuals would need to register was an open question. The following scenarios are implicated by the rule:

- U.S. individuals who are employed by a U.S. company but who are working abroad at a non-U.S. branch of that company;
- U.S. individuals employed outside the United States as independent contractors; and
- U.S. individuals employed by a non-U.S. company with no other U.S. affiliation.

U.S. individuals who are directly employed by a DDTC-registered person, or by a subsidiary or affiliate of a DDTC-registered U.S. person that is listed on said registration, will be deemed registered under the Proposed Rule.

## Comment Period

DDTC will accept comments from the public on the Proposed Rule until July 27, 2015. In particular, DDTC has invited comment from non-U.S. entities that currently engage, or are thinking about engaging, U.S. individuals as regular employees or independent contractors.

The Proposed Rule can be found here: <https://federalregister.gov/a/2015-12643>.

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