

In addition to our supply chain services, cost-saving programs, and inventory solutions, America II provides a wide range of franchise lines.



SEARCH FOR PARTS >

HOME > FEATURES > FINAL DFARS RULE IMPROVES ANTI-COUNTERFEIT EFFORTS

## Final DFARS Rule Improves Anti-Counterfeit Efforts

The Final Defense Federal Acquisition Regulation Supplement, issued by the Defense Department over the summer, further clarifies procedures for sourcing electronic parts and emphasizes authorized sources, industry leaders say.

Victoria Fraza Kickham

Sep 6, 2016



EMAIL



SHARE



Tweet



G+



Recommend 0

COMMENTS 0



Electronics industry representatives were praising new efforts to clarify certain government anti-counterfeiting provisions over the summer, as a final Defense Federal Acquisition Regulation Supplement (DFARS) was released. The U.S. Department of Defense published its final DFARS addressing required sources of electronic parts for defense contractors and subcontractors in August, addressing issues surrounding terminology, traceability, and flow-down requirements, among others.

The final rule emphasizes a preference for purchasing parts from original manufacturers or their authorized sources, and leaves the onus on contractors when it comes to identifying and buying from trusted suppliers.

New USB Type-C™ Standard Connector with Reversible Plug



### Top Articles

1. Avnet Hires VP of IoT
2. Sensing the Value of the Internet of Things
3. Scaling IoT Hurdles
4. Distributors Expand Product, Service Capabilities
5. Making Sense of the Changing Electronics Supply Chain

2015 PURCHASING  
SALARY  
SURVEY

Sponsored by



TOP  
2016  
DISTRIBUTORS

2016 TOP  
Distributors List

VIEW  
NOW

Sponsored by



Commentaries and Blogs

#### RELATED CONTENT

- » [Counterfeit Parts: A Risk to Safety and National Security](#)
- » [Buying Components Should Never Be a Calculated Risk](#)
- » [DoD Publishes Proposed Amendments to DFARS](#)

The rule clarifies provisions outlined in the National Defense Authorization Acts of 2012 and 2015, which issued new guidelines for government contractors that procure electronic parts—essentially telling them what they need to do to detect and keep counterfeit parts out of the defense supply chain. The newest update addresses key issues identified by the authorized electronic components industry: it clarifies definitions of the term “supplier,” establishes traceability requirements for contractors, and notes that flow-down requirements do not apply to the original component manufacturer.

The Electronic Components Industry Association (ECIA), which represents component manufacturers and their authorized distributors, was among the authorized channel sources weighing in on the final rule. ECIA participated in the industry comment process regarding the rules, suggesting changes in key areas: use and definition of the terms “authorized dealer” and “trusted supplier”; procurement policy; traceability; and flow-down requirements. ECIA’s COO and general counsel Robin Gray said he was satisfied with the final rule, and the association pointed to the following changes specifically in a statement issued in early August:

The term “authorized dealer” was deleted and replaced with the term “authorized supplier.” Authorized supplier means a supplier, distributor, or an aftermarket manufacturer with a contractual arrangement with, or express written authority of, the original manufacturer or current design activity to buy, stock, repackage, sell, or distribute the part.

The term “trusted supplier” was deleted and replaced with the term “contractor-approved supplier.” Contractor-approved supplier means a supplier that does not have a contractual agreement with the original component manufacturer for a transaction, but has been identified as trustworthy by a contractor or subcontractor.

The rule establishes a strict, three-tiered approach to the procurement of electronics parts; it provides that the contractor is responsible for inspection, testing and authentication if the contractor cannot establish traceability from the original manufacturer for a specific part; and it clarifies that the flow-down requirements do not apply to the original component manufacturer.

“It isn’t perfect, but we believe that the DoD listened to the industry and we think this rule goes a long way toward making it clear that all DoD contractors and subcontractors at all tiers are responsible for detecting and avoiding counterfeit electronic parts. The DoD also determined that commercial items (COTS) are not exempt from the applicability of this rule,” he continued. “The final rule is a clear affirmation by the DoD of the importance of procuring parts from authorized sources. It reflects the years of effort by NEDA, and subsequently by ECIA, to promote the advantages of the authorized supply chain.”

The counterfeit component problem continues to be a key issue across the electronics supply channel, especially among buyers at manufacturing organizations. In a recent Global Purchasing survey of more than 700 purchasing professionals, 34% listed counterfeit components as one of the major issues that “keep them up at night,” and 47% said that keeping up with government regulations surrounding anti-counterfeit efforts is one of their major workforce challenges. Those with management titles were more likely to list counterfeit issues as a concern (36%) than those who identified themselves as buyers (25%). Executive-level buyers—vice presidents of purchasing and chief procurement officers, for example—expressed the most concern about quality/counterfeit parts (40%).

#### Buyers in NPI Can Help Meet Cost Targets of New Designs

by James Carbone

Posted 3 weeks ago

in [Strategic Purchasing](#)



#### As Revenue Declines, Chipmakers May Make Less Investment in Capacity

by James Carbone

Posted 7 weeks ago

in [Strategic Purchasing](#)



#### Buyers Should Not Tolerate Price Fixing by Suppliers

by James Carbone

Posted 13 weeks ago

in [Strategic Purchasing](#)



#### Industrial IoT. Smart Cities. IoT Engineering. IoT Security.

[REGISTER NOW](#)



#### Newsletter Signup

Sign-up to receive our free newsletters

- ☐ **Global Purchasing Today** - (Twice Weekly) [View Sample](#)
- ☐ **SourceESB Product Spotlight** - (Varies) [View Sample](#)

E-MAIL\*

COUNTRY\*

Enter your email above to receive messages about offerings by Penton, its brands, affiliates and/or third-party partners, consistent with Penton's [Privacy Policy](#).

[SUBSCRIBE](#)

#### Search Parts Fast

Search by number or manufacturer

powered by:



The questions about quality and counterfeit parts were part of Global Purchasing's annual Salary & Career Survey; results will be published online in October at [www.globalpurchasing.com](http://www.globalpurchasing.com).



Looking for parts? Go to [sourceesb.com](http://sourceesb.com)



#### Discuss this Article

NAME:

Anonymous

[Sign In](#) or [register](#) to use your Global Purchasing ID

EMAIL:

YOUR COMMENT: \*

SUBMIT COMMENT

#### Related Articles

[Anti-counterfeit technology proves effective for military supply chain](#)

[Counterfeit parts reporting continues record pace](#)

[FAQ: How do you test for Counterfeit Electronic Components?](#)

[Smart Planning Ensures Successful Anti-Counterfeiting Initiatives](#)

[Business Improves, Variety Rules](#)

In addition to our supply chain services, cost-saving programs, and inventory solutions, America II provides a wide range of franchise lines.



SEARCH FOR PARTS >

[Globalpurchasing.com](http://Globalpurchasing.com)

[News](#) [Features](#) [Distributors](#) [Markets](#) [Supply Chain](#) [Resource Center](#) [Community](#)

Site Features

[RSS](#)

[Sitemap](#)

[Site Archive](#)

[Newsletters](#)

[View Mobile Site](#)

Global Purchasing Corporate

[Privacy Policy](#)

[Terms of Service](#)

Follow Us



Search Globalpurchasing.com



global  
purchasing

#### Global Purchasing Related Sites

[Electronic Design](#) [Machine Design](#) [SourceESB](#) [Microwaves & RF](#) [Power Electronics](#) [Hydraulics & Pneumatics](#) [Defense Electronics](#)

[Electronic Design Europe](#)

#### Connect With Us

