

(1) To conduct and support a broad and continuing basic research program to provide fundamental knowledge, with emphasis on that related to the needs of the Department of Defense; and

(2) To assure full utilization of our scientific resources and to extend those resources in those areas of science relevant to the mission of the Department of Defense; and

(3) To maintain, through such a program, effective communication among the scientists of the Department of Defense and the scientists of the universities and industry; and

(4) To coordinate this program of basic research with the National Science Foundation; and

(5) To encourage the support of basic research by other government and private agencies.

§ 272.6 Implementation.

(a) It is the responsibility of the Director of Defense Research and Engineering to produce, on a continuing basis, a sound basic research program through the coordination and integration of the elements of the program among the military departments and other agencies of the Department of Defense authorized to conduct or support basic research.

(b) The Department of Defense provides support of basic research by:

(1) *Support of in-house laboratories.* Basic research in laboratories of the Department of Defense or in laboratories of other government agencies, best qualified for such work in particular areas, should be encouraged.

(2) *Grants to and contracts with educational and nonprofit institutions.* In situations appropriate for grants under the provisions of part 273, of this chapter the grant instrument is the preferred method of supporting basic research by educational and other nonprofit institutions.

(3) *Contract with industry.* Contracts specifically for basic research may be made with industrial contractors (including small businesses) which have a recognized special competence in a given area. In the administration of the provisions of part 15 of this chapter, which relate to the allowability of a contractor's independent research

costs under certain Department of Defense contracts, favorable consideration should be given to independent basic research.

(c) The military departments and other agencies of the Department of Defense authorized to conduct or support basic research will provide the Director of Defense Research and Engineering with such information as he may require in order to carry out his responsibilities under this part, including annual reports through established administrative and fiscal channels of the following, by contract or grant and dollar value:

(1) Basic research performed in government laboratories.

(2) Basic research grants to educational and nonprofit institutions.

(3) Basic research contracts to educational and nonprofit institutions.

(4) Basic research contracts to industrial contractors, including small business.

(5) Independent basic research recognized as an allowable cost in an advance agreement under the provisions of part 15 of this chapter. Such costs shall be reported via the Assistant Secretary of Defense (Installations and Logistics).

PART 274—REGULATIONS GOVERNING COMPETITIVE BIDDING ON U.S. GOVERNMENT GUARANTEED MILITARY EXPORT LOAN AGREEMENTS

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AUTHORITY: Sec. 24, Foreign Military Sales Act (22 U.S.C. 2764) and Executive Order 11501 (34 FR 20169).

SOURCE: 38 FR 858, Jan. 5, 1973, unless otherwise noted.

§ 274.1 Purpose.

The purpose of this memorandum is to prescribe regulations under which the Secretary of Defense or his designee may, from time to time, by public notice, offer financial institutions the opportunity to bid on the interest rates for the subject agreements. The bids made will be subject to the terms, conditions, and procedures herein set forth, except as they may be supplemented in the public notice or notices issued by the Secretary of Defense or his designee in connection with particular offerings.

§ 274.2 Definitions.

(a) The terms *public notice*, *notices*, or *announcement* mean the public notice of invitation to bid and any supplementary or amendatory notices or announcements with respect thereto, including, but not limited to, any statement released to the press by the Secretary of Defense or his designee and notices sent to those who have filed notices of intent to bid or who have filed bids.

(b) The term *Loan Agreement* means the proposed agreement between the foreign government and the private U.S. lender as described in the particular notice of Invitation to Bid.

§ 274.3 Public notice.

(a) Bids hereunder will be invited through a public notice issued by the Secretary of Defense or his designee which will prescribe the amount of the loan for which bids are invited, the repayment schedule, the conditions under which bidders may specify the rate of interest, and the date and closing hour for receipt of bids.

(b) Accompanying the notice will be the form of the Loan Agreement which the successful bidder must execute with the borrower, except for those terms which will be subject to bidding.

§ 274.4 U.S. guaranty.

Under section 24 of the Foreign Military Sales Act (22 U.S.C. 2764), any individual, corporation, partnership, or other juridical entity (excluding U.S. Government agencies) will be guaranteed against political and credit risks of nonpayment arising out of their fi-

ancing of credit sales of defense articles and defense services to friendly countries and international organizations. Section 24 explicitly provides that guarantees thereunder are backed by the full faith and credit of the United States. Fees in the amount of one-fourth of 1 percent of the amount of credits agreed upon shall be charged for such guaranties.

§ 274.5 Notice of intent to bid.

Any individual or organization, syndicates, or other group which intends to submit a bid, must, when required by the notice, give written notice of such intent on the appropriate form at the place and within the time specified in the public notice. Such notice, which shall be given to the Federal Reserve Bank of New York, 33 Liberty Street, New York, NY 10045, will not constitute a commitment to bid.

§ 274.6 Submission of bids.

(a) *General.* Bids will be received only at the place specified and not later than the time designated in the public notice. Bids shall be irrevocable.

(b) *Interest rates.* Bids must be expressed in terms of rates of interest not to exceed three decimals, for example, 5.125 percent.

(c) *Group bids.* A syndicate or other group submitting a bid must act through a representative who must be a member of the group. The representative must warrant to the Secretary of Defense or his designee, that he has all necessary power and authority to act for each member and to bind the members jointly and severally. In addition to whatever other data may be required by the Secretary of Defense or his designee, in the case of a syndicate, the representative must file, within 1 hour after the time for opening bids, at the place specified in the public notice for receipt of bids a final statement of the composition of the syndicate membership and the amount of each member's underwriting participation.

§ 274.7 Acceptance of bids.

(a) *Opening bids.* Bids will be opened at the time and place specified in the public notice.

(b) *Acceptance of successful bid.* The Secretary of Defense or his designee

will notify any successful bidder of acceptance in the manner and form specified in the public notice.

§274.8 Bids-revocations-rejections-postponements.

The Secretary of Defense or his designee in his discretion, may (a) revoke the public notice of invitation to bid at any time before opening bids, (b) return all bids unopened either at or prior to the time specified for their opening, (c) reject any or all bids, (d) postpone the time for presentation and opening of bids, and (e) waive any immaterial or obvious defect in any bid. Any action the Secretary of Defense or his designee may take in these respects shall be final. In the event of a postponement, known bidders will be advised thereof and their bids returned unopened.

§274.9 Delegation of authority to the Secretary of the Treasury.

There is hereby delegated to the Secretary or Acting Secretary of the Treasury the authority, in the name of and title of the Secretary of the Treasury, to invite bids under this memorandum, to issue, modify and revoke public notices, notices, and announcements concerning such bids, to prescribe additional terms and conditions with respect thereto, consistent with this memorandum, to receive, return, open, reject, and accept bids, and to take such other actions as may be necessary and proper to execute this delegation of authority to implement this memorandum, excluding, however, the issuance of guaranties under §274.4.

§274.10 Reservations.

The Secretary of Defense reserves the right, at any time, or from time to time, to amend, repeal, supplement, revise or withdraw all or any of the provisions of this memorandum.

PART 275—OBTAINING INFORMATION FROM FINANCIAL INSTITUTIONS: RIGHTS TO FINANCIAL PRIVACY ACT OF 1978

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ENCLOSURE 1—REQUEST FOR BASIC IDENTIFYING ACCOUNT DATA FORMAT

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ENCLOSURE 5—OBTAINING ACCESS TO FINANCIAL RECORDS OVERSEAS

AUTHORITY: 92 Stat. 3697 et seq. (12 U.S.C. 3401, et seq.)

SOURCE: 45 FR 17576, Mar. 19, 1980, unless otherwise noted. Redesignated at 56 FR 57984, Nov. 15, 1991.

§275.1 Purpose.

This part implements Title 12, U.S.C. section 3401, et seq., Pub. L. 95-630, "Right to Financial Privacy Act of 1978," and prescribes the procedures for the Department of Defense to use to gain access to financial records maintained by financial institutions.

§275.2 Applicability and scope.

(a) The provisions of this part apply to the Office of the Secretary of Defense, the Military Departments, the Defense Investigative Service, and the National Security Agency (hereafter referred to as the "DoD Components").

(b) Its provisions apply only to financial records maintained by financial institutions as defined in §275.6(a).

[45 FR 17576, Mar. 19, 1980. Redesignated and amended at 56 FR 57984, Nov. 15, 1991]

§275.3 Policy.

(a) It is the policy of the Department of Defense when obtaining financial records from a financial institution to seek the consent of the customer to