2026 Department of War (DoW) Small Business Innovation Research and Small Business Technology Transfer Foreign Risk Evaluation Program Common Decision Matrix

This matrix updates the 2024 Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) Office of the Secretary of War Common Risk Matrix. As part of this update, the "Defense SBIR and STTR Due Diligence Program" has been formally redesignated as the "Foreign Risk Evaluation (FRE) Program." This change clearly distinguishes these security-focused reviews from routine financial and legal due diligence. Under the FRE Program, this matrix outlines the minimum required actions for DoW Components to identify and mitigate risks of improper technology transfer. It guides the pre-award assessment of a small business concern (SBC), its key employees, and covered individuals for foreign control, influence, or other problematic affiliations. A risk is present if at least one factor from Table 1 is identified; however, Table 1 is not an exhaustive list of all potential risk factors.

The FRE program is established in accordance with 15 U.S.C. § 638(vv). The statute requires executive agencies to assess specific security risks for each SBIR/STTR proposal. Accordingly, the following risk areas must be assessed:

- Cybersecurity: The applicant SBC's cybersecurity practices.
- Intellectual Property: A patent analysis and review of technology licensing agreements associated with the SBC, covered individuals, and other key employees.
- Employee Analysis: An analysis of covered individuals, owners, or other key employees and their foreign affiliations.
- Foreign Ownership and Investment: The applicant SBC's foreign ownership structure, including financial ties (equity, debt, and surety obligations) to foreign entities.
- Foreign Relationships: Business, research (including co-authorships), and investment relationships between covered individuals, owners, or other key employees and individuals or entities in a foreign country of concern.
- Prohibited Entity Ties: Any relationship with an individual or entity on any of the U.S. Government restricted lists detailed in subparagraph D of the statutory prohibition below, as published on the date of the closing of the solicitation.

For the complete statutory language from which these requirements are derived, see Appendix A: Due Diligence Requirements from 15 U.S.C. § 638(Viv).

Statutory Prohibitions on Award

Beyond the risk assessment framework described above, the law establishes specific conditions under which the DoW is prohibited from making an SBIR or STTR award. Their presence at the time of award renders the SBC ineligible for the award.

Pursuant to 15 U.S.C. § 638(g)(16) and (o)(20), the DoW is prohibited from awarding an SBIR or STTR contract to an SBC if it:

A. has an owner or covered individual that is party to a malign foreign talent recruitment program;
B. has a business entity, parent company, or subsidiary located in the People's Republic of China or another foreign country of concern; or
C. has an owner or covered individual that has a foreign affiliation with a research institution located in the People's Republic of China or another foreign country of concern;
D. has a security risk connecting the small business concern to an entity, including any affiliates of the entity, or individual on—
    i. the UFLPA Entity List maintained by the Department of Homeland Security;
    ii. the Non-SDN Chinese Military-Industrial Complex Companies List of the Office of Foreign Assets Control maintained by the Department of the Treasury;
    iii. the Section 889 Prohibition List established under section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115–232; 132 Stat. 1917) and maintained by the Department of Defense;
    iv. the list of Chinese Military companies required under section 1260H of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (10 U.S.C. 113 note) and maintained by the Department of Defense;
    v. the Military End User List maintained by the Bureau of Industry and Security of the Department of Commerce;
    vi. the Entity List maintained by the Bureau of Industry and Security of the Department of Commerce;
    vii. the List of Equipment and Services maintained by the Federal Communications Commission; or
    viii. the Withhold Release Orders and Findings List maintained by U.S. Customs and Border Protection.
E. has a security risk with a primary source that is classified; or
F. has a security risk that the Federal agency determines warrants a denial.

Entities Prohibited by Policy

Consistent with the 2026 DoW Component Decision Matrix to Inform Fundamental Research Proposal Mitigation Decisions, the DoW will also prohibit SBIR/STTR funding for awards that involve collaborations with entities, employees of such entities, or individuals on the following lists:

- The list published pursuant to section 1286 of the NDAA for FY 2019, as amended (commonly known as the "DoW 1286 List")
- The list of specially designated nationals (SDN) and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury (commonly known as the ''SDN list'')
- The Denied Persons List maintained by the Bureau of Industry and Security of the Department of Commerce and described in section 764.3(a)(2) of the EAR
- The Debarred Parties List maintained by the Directorate of Defense Trade Controls of the Department of State
- The Annex to Executive Order (EO) 14032, "Addressing the Threat from Securities Investments That Finance Certain Companies of the People's Republic of China," dated June 3, 2021, or any superseding EO.

Version 2.0 (As of June 2026)					
Table 1: DoW SBIR/STTR Foreign Risk Evaluation (FRE) Program Common Decision Matrix					
	Factor 1: Malign Foreign Talent Recruitment Program	**Factor 2: Foreign Ownership/Control**	**Factor 3: Foreign Patents, Intellectual Property, and Technology Transfers**	**Factor 4: Financial Relationships**	**Factor 5: Foreign Affiliations**
Prohibited Factors *Factors prohibited by DoW policy or statute. Proposals containing any such factor at the time of award cannot be funded.*	Has an owner, covered individual, or key employee that is party to a Malign Foreign Talent Recruitment Program (MFTRP) as defined in Sec. 10638(4) of the CHIPS and Science Act of 2022 (Public Law 117-167).	Has a business entity, parent company, or subsidiary located in a foreign country of concern.	Owns or co-owns a patent filed within the last five years that an entity included on any of the prohibited entity lists described above, or employees of such an entity, has a legal right to use through co-ownership, licensing, or other vehicle.	Engages in revenue-sharing agreements or joint ventures with an entity in a foreign country of concern, or has owners, key employees, or covered individuals who receive compensation, honoraria, or hold fiduciary roles with individuals or entities in those countries.	Has an owner or covered individual that has a foreign affiliation with a research institution located in a foreign country of concern.
Mitigation Measures Required for Award *Rejection required if Component determines sufficient mitigation is not possible.*	**Within the five-year period preceding the closing date of the solicitation** Any indication that an owner, covered individual, or key employee has participated in an MFTRP as defined by Section 10638(4) of the CHIPS and Science Act of 2022. **OR**	Indicators that the SBC or any SBC parent companies, subsidiaries of the SBC, owners, key employees, or other covered individuals maintain a relationship or affiliation with an entity in a Foreign Country of Concern (FCOC) that could result in de facto control by the foreign entity, create a critical dependency, allow for significant influence, or present a potential	Any patent or application filed by the SBC or a covered individual within the five-year period preceding the closing date of the solicitation that was filed in an FCOC before its U.S. filing or any undisclosed patent filed in a non-FCOC before its U.S. filing. **OR** Any patent or co-patent application filed by the SBC or covered individual, either	Indicators of significant financial ties, equity, and/or debt/surety obligations of the SBC and/or its employees to an entity or person in an FCOC. **OR** Indicator(s) that the SBC relies on goods, services, or labor supplied from an entity based in an FCOC or by any entity that has ownership, in	**Within the five-year period preceding the closing date of the solicitation** Affiliations between an entity in an FCOC and the SBC, its affiliates, its owners, key employees, or any covered individual which is not otherwise prohibited by statute. **OR**

	Indicators that show co-authors, co-inventors, or other collaborators affiliated with an owner, covered individual, or key employee have participated in an MFTRP meeting any of the criteria defined in section 10638(4) of the CHIPS and Science Act of 2022.	conflict of interest or commitment.	currently active or filed within the five-year period preceding the closing date of the solicitation, where a co-applicant is affiliated with an entity included on any of the prohibited entity lists described above. **OR** Any technology licensing agreement, either active or within the five-year period preceding the closing date of the solicitation, with an entity or individual in an FCOC.	part or in whole, by the government of an FCOC.	Indicators that a covered individual has co-authored a publication in a science or engineering journal with someone who is affiliated with an entity on any of the prohibited entity lists described above.
No Mitigation Required	No indicators that any owner, covered individual, key employee, or their co-authors or other collaborators have participated in an MFTRP within the previous five years.	No indicators of affiliations, or indicators of limited or incidental affiliations, between the SBC, SBC parent(s), any subsidiary of the SBC, owners, key employees, or covered individuals and an entity in an FCOC.	All patent application(s) or patent(s) have been filed in the U.S. prior to filing in any other country. **OR** No patent applications or patents filed.	No indicators of financial obligations to FCOC entities by the SBC, its owners, or covered individuals, nor any SBC reliance on goods, services, or labor from FCOC-based or state-owned entities.	No indicators of affiliation between FCOC entities and the SBC, owners, key employees, or covered individuals. Additionally, no covered individual has co-authored a scientific or engineering journal publication with anyone affiliated with an entity on any of the prohibited entity lists described above, or with an employee of such an entity, within five years of the closing date of the solicitation

Definitions

Affiliation: Academic (not including undergraduate or graduate students), professional, or institutional appointments or positions with a foreign government or a foreign government-connected entity, whether full-time, part-time, or voluntary (including adjunct, visiting, post-doctoral appointment, or honorary), where monetary reward, non-monetary reward, or other quid-pro-quo obligation is involved.

Commercially Available Information (CAI): The intelligence community defines CAI as "any data or other information that is of a type customarily made available or obtainable and sold, leased, or licensed to the general public or to non-governmental entities for purposes other than governmental uses. CAI also includes data and information for exclusive government use, knowingly and voluntarily provided by, procured from, or made accessible by corporate entities at the request of a government entity, or on their own initiative. As such, CAI does not include information obtained through compulsory process, such as a court order or directive under the Foreign Intelligence Surveillance Act."

Conflict of Commitment (CoC): As defined in National Security Presidential Memorandum-33, a situation in which an individual accepts or incurs conflicting obligations between or among multiple employers or other entities. These include conflicting commitments of time and effort (e.g., obligations to dedicate time in excess of institutional or funding agency policies or commitments). Other types of conflicting obligations, including obligations to improperly share information with, or to withhold information from, an employer or funding agency, can also threaten security and integrity, and are an element of a broader concept of CoCs.

Conflict of Interest (Col): As defined in National Security Presidential Memorandum- 33, a situation in which an individual, or the individual's spouse or dependent children, has a financial interest or relationship that could directly and significantly affect the design, conduct, reporting, or funding of research.

Covered Individual: As defined in 15 U.S.C. 638(e)(15), the term "covered individual" means an individual who (A) contributes in a substantive, meaningful way to the scientific development or execution of a research and development project proposed to be carried out with a research and development award from a Federal research agency; and (B) is designated as a covered individual by the Federal research agency concerned.

DoW Component: A Military Department, Defense Agency, DoW Field Activity, or organization within the Office of the Secretary of War as defined in DoDD 5100.01.

Foreign Risk Evaluation: 15 U.S.C. § 638(vv) establishes the requirement for a due diligence program to assess specific security risks, thereby defining its purpose and scope within the SBIR/STTR context as a mandatory, security-based risk assessment process conducted to protect U.S. government intellectual property and national security. It involves assessing applicants for risks including foreign ownership, control, or influence; research affiliations; and patent risks from foreign countries of concern.

Entity: 31 CFR § 1010.605(f) defines an entity as "...a corporation, partnership, trust, sole proprietorship, unincorporated association, or organization."

Foreign Country of Concern (FCOC): As defined in 15 U.S.C. 638(e)(17), the People's Republic of China, the Democratic People's Republic of Korea, the Russian Federation, and the Islamic Republic of Iran, or any other country determined to be a country of concern by the Secretary of State.

Foreign Entity of Concern: As defined in section 10638(3) of the CHIPS and Science Act of 2022 (Public Law 117-167), a foreign entity that is:

- Designated as a foreign terrorist organization by the Secretary of State under section 2 I 9(a) of the Immigration and Nationality Act (8 U.S.C. 1 l 89(a));
- Included on the list of specially designated nationals and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury (commonly known as the Specially Designated Nationals and Blocked Persons List (SDN) List);
- Owned by, controlled by, or subject to the jurisdiction or direction of a government of a foreign country that is a covered nation (as such term is defined in 10 U.S.C. 4872);
- Alleged by the Attorney General to have been involved in activities for which a conviction was obtained under:
    - chapter 37 of title 18, U.S.C. (commonly known as the Espionage Act);
    - section 951 or 1030 of title 18, U.S.C.;
    - chapter 90 of title 18, U.S.C. (commonly known as the Economic Espionage Act of 1996);
    - The Arms Export Control Act (22 U.S.C. 2751, et seq.); Section 224, 225, 226, 227, or 236 of the Atomic Energy Act of 1954 (42 U.S.C. 2274, 2275, 2276, 2277, and 2284);
    - The Export Control Reform Act of 2018 (50 U.S.C. 480 I, et seq.);
    - The International Emergency Economic Powers Act (50 U.S.C. 1701, et seq.); or
- Determined by the Secretary of Commerce, in consultation with the Secretary of War and the Director of National Intelligence, to be engaged in unauthorized conduct that is detrimental to the national security or foreign policy of the United States.

Foreign Government-Connected Entity: For the purposes of this policy, it is "an organization, including government organizations, nongovernmental organizations, and private corporations, owned or operated directly or indirectly by a foreign government."

Foreign Ownership, Control, or Influence (FOCI): In accordance with the description set forth by the Defense Counterintelligence and Security Agency, a U.S. entity is under FOCI when:

- A foreign interest has the power to direct or decide issues affecting the entity's management or operations in a manner that could either:
    - Result in unauthorized access to classified and/or controlled unclassified information; or
    - Adversely affect performance of a classified contract or agreement.
- The foreign government is currently exercising, or could prospectively exercise, that power, whether directly or indirectly, such as:
    - Through ownership of the U.S. entity's securities, by contractual arrangements, or other means; or
    - By the ability to control or influence the election or appointment of one or more members of the entity's governing board.

Joint Venture: The Defense Contracting Audit Agency defines a joint venture as "[a]n enterprise owned and operated by two or more businesses or individuals as a separate entity (not a subsidiary) for the mutual benefit of the members of the group. Joint ventures possess the characteristics of joint control. Joint ventures can be either incorporated or unincorporated and may be either populated or unpopulated. A populated joint venture has actual employees, whereas an unpopulated joint venture is essentially a shell organization with no or few employees. In an unpopulated joint venture, the work is subcontracted to the venture partners for actual contract performance."

Key Employee: 13 CFR § 121.702(c)(5) defines "key employee" as an employee who, because of his/her position in the concern, has a critical influence in or substantive control over the operations or management of the concern.

Malign Foreign Talent Recruitment Program (MFTRP): As defined in section 10638(4) of the CHIPS and Science Act of 2022 (Public Law 117-167), the term "malign foreign talent recruitment program" means:

- Any program, position, or activity that includes compensation in the form of cash, in-kind compensation, including research funding, promised future compensation, complimentary foreign travel, things of non de minimis value, honorific titles, career advancement opportunities, or other types of remuneration or consideration directly provided by a foreign country at any level (national, provincial, or local) or their designee, or an entity based in, funded by, or affiliated with a foreign country, whether or not directly sponsored by the foreign country, to the targeted individual, whether directly or indirectly stated in the arrangement, contract, or other documentation at issue, in exchange for the individual:
    - Engaging in the unauthorized transfer of intellectual property, materials, data products, or other nonpublic information owned by a United States entity or developed with a Federal research and development award to the government of a foreign country or an entity based in, funded by, or affiliated with a foreign

country regardless of whether that government or entity provided support for the development of the intellectual property, materials, or data products;
    - Being required to recruit trainees or researchers to enroll in such program, position, or activity;
    - Establishing a laboratory or company, accepting a faculty position, or undertaking any other employment or appointment in a foreign country or with an entity based in, funded by, or affiliated with a foreign country if such activities are in violation of the standard terms and conditions of a Federal research and development award;
    - Being unable to terminate the foreign talent recruitment program contract or agreement except in extraordinary circumstances;
    - Through funding or effort related to the foreign talent recruitment program, being limited in the capacity to carry out a research and development award or required to engage in work that would result in substantial overlap or duplication with a Federal research and development award;
    - Being required to apply for and successfully receive funding from the sponsoring foreign government' s funding agencies with the sponsoring foreign organization as the recipient;
    - Being required to omit acknowledgment of the recipient institution with which the individual is affiliated, or the Federal research agency sponsoring the research and development award, contrary to the institutional policies or standard terms and conditions of the Federal research and development award;
    - Being required to not disclose to the Federal research agency or employing institution the participation of such individual in such program, position, or activity; or
    - Having a conflict of interest or conflict of commitment contrary to the standard terms and conditions of the Federal research and development award; and
- A program that is sponsored by:
    - An FCOC or an entity based in an FCOC, whether or not directly sponsored by the FCOC;
    - An academic institution on the list developed under section 1286(c)(8) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (codified at 10 U.S.C. 4001); or
    - An FTRP on the list developed under section 1286(c)(9) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (codified at 10 U.S.C. 4001).

Open-source analysis and analytical tools: Includes Commercially Available Information (CAI) and Publicly Available Information (PAI) and software.

Parent Company: 12 CFR 390.303 states that it means “[a]ny company which directly or indirectly controls any other company or companies.”

Participation in a Malign Foreign Talent Recruitment Program: Affiliation with or membership in an MFTRP, including a contractual or other binding agreement between an individual and an MFTRP; an individual reporting participation in an MFTRP in a research proposal, curriculum vitae, or resume; or an individual's identification in a publication listing the individual and an MFTRP. For the purposes of this policy, “participation” also covers the term “is party to.”

Publicly Available Information (PAI): Information that has been published or broadcast for public consumption, is available on request to the public, is accessible online or otherwise to the public, is available to the public by subscription or purchase, could be seen or heard by a casual observer, is made available at a meeting open to the public, or is obtained by visiting a place or attending an event that is open to the public as defined in DoD Directive 3115.18.

Research Institution: As defined in 15 U.S.C. 638(e)(8), a nonprofit institution, as defined in section 3703(5) of the title, and includes federally funded research and development centers, as identified by the National Scientific Foundation in accordance with the governmentwide Federal Acquisition Regulation issued in accordance with section 1303(a)(1) of title 41 (or any successor regulation thereto).

Security Risks: The potential for undue foreign influence, interference, or exploitation that could compromise U.S. national security, economic competitiveness, or research integrity. For the purposes of the DoW SBIR/STTR Foreign Risk Evaluation program, security risks manifest through, but are not limited to, the risks described in 15 U.S.C. § 638(vv)(2).

Small Business Concern (SBC): A company, limited liability company, firm, joint venture, partnership, or other business arrangement that meets the requirements set forth in 13 C.F.R. § 121.702. An SBC must satisfy the following conditions on the date of award:

- ls organized for profit, with a place of business located in the United States, which operates primarily within the U.S. or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor; and
- Is in the legal form of an individual proprietorship, partnership, limited liability company, corporation, joint venture, association, trust or cooperative, except that if the concern is a joint venture, each entity to the venture must meet the following requirements:
    - Is more than 50% directly owned and controlled by one or more individuals (who are citizens or permanent resident aliens of the United States), other SBCs (each of which is more than 50% directly owned and controlled by individuals who are citizens or permanent resident aliens of the United States), or any combination of these; and

- Has, including its affiliates, not more than 500 employees. (For explanation of affiliate in this context, see www.sba.gov/size).

Solicitation: As defined in Section 2.101 of the Revolutionary FAR Overhaul, “solicitation” means any request to submit offers or quotations to the Government. Solicitations under sealed bid procedures are called "invitations for bids." Solicitations under negotiated procedures are called "requests for proposals." Solicitations under simplified acquisition procedures may require submission of either a quotation or an offer. For the purposes of this program, the review period covers the five years immediately preceding the closing date of the solicitation. This applies to all solicitations, including RFPs for Phase II, Sequential Phase II, and Phase III awards.

Subsidiary: 12 CFR 390.303 states that it means “any company which is owned or controlled directly or indirectly by a person, and includes a subsidiary owned in whole or in part by a State savings association, or a subsidiary of that subsidiary.”

Appendix A: Due Diligence Requirements from 15 U.S.C. § 638(vv)

The following is the text of 15 U.S.C. § 638(vv), which establishes the minimum assessment requirements for the SBIR/STTR due diligence program.

(vv) Due diligence program to assess security risks

(1) Establishment

The head of each Federal agency required to establish an SBIR or STTR program, in coordination with the Administrator, shall establish and implement a due diligence program to assess security risks presented by small business concerns seeking a federally funded award.

(2) Risks

Each program established under paragraph (1) shall-

(A) assess, using a risk-based approach as appropriate-

> (i) the cybersecurity practices of a small business concern;
>
> (ii) patent analysis;
>
> (iii) employee analysis;
>
> (iv) foreign ownership of a small business concern seeking an award, including the financial ties and obligations (which shall include surety, equity, and debt obligations) of the small business concern and employees of the small business concern to a foreign country, foreign person, or foreign entity;
>
> (v) foreign affiliations of a covered individual, owner, or other key personnel of a small business concern with an entity in a foreign country of concern;
>
> (vi) investment relationships of a small business concern with an individual or entity in a foreign country of concern;
>
> (vii) technology licensing agreements or joint ventures (including joint venture-like agreements) with an individual or entity in a foreign country of concern; and
>
> (viii) business relationships between a covered individual, owner, or other key personnel of a small business concern and an individual or entity in a foreign country of concern;

(B) assess awards and proposals or applications, as applicable, using a risk-based approach as appropriate, including through the use of open-source analysis and analytical tools, for the nondisclosures of information required under (g)(13); and

(C) examine any relationship of a small business concern seeking an award to any entity or individual included on the lists described in subsections (g)(16)(D) and (o)(20)(D).

(3) Administrative costs

(A) In general

In addition to the amount allocated under subsection (mm)(1), each Federal agency required to establish an SBIR program may allocate not more than 2 percent of the funds allocated to the SBIR program of the Federal agency for the cost of establishing the due diligence program required under this subsection.

(B) Reporting

(i) In general

Not later than December 31 of the year in which this subparagraph is enacted, and not later than December 31 of each year thereafter, the head of a Federal agency that exercises the authority under subparagraph (A) shall submit to the Committee on Small Business and the Committee on Science, Space, and Technology of the House of Representatives, the Committee on Small Business and Entrepreneurship of the Senate, and the Administrator, for the covered year-

> (I) the total funds allowed to be allocated for the cost of establishing the due diligence program required under this subsection;
>
> (II) the total amount of funds obligated or expended under subparagraph (A); and
>
> (III) the due diligence activities carried out or to be carried out using amounts allocated under subparagraph (A).

(ii) Annual report inclusion

The Administrator shall include the information submitted by head of a Federal agency under clause (i) in the next annual report submitted under subsection (b)(7) after the Administrator receives such information.

(iii) Covered year

In this subparagraph, the term "covered year" means, with respect to the information required under clause (i), the year covered by the annual report submitted under subsection (b)(7) in which the Administrator is required to include such information by clause (ii).

(C) Termination date

This paragraph shall terminate on September 30, 2031.