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NATO SECURITY COMMITTEE

PROCEDURE FOR OBTAINING SECURITY CLEARANCE FOR FIRMS TO BE
INVITED TO BID FOR CLASSIFIED INFRASTRUCTURE CONTRACTS

Memorandum by the Security Bureau

At its meeting on 30th October, 1956 the Security Committee, having considered the proposed procedure set out in Annex B to document AC/35-D/147 and having made certain amendments to the text, instructed the Chairman to notify the Infrastructure Working Group(1) of the Committee's views and to seek, in conjunction with this Working Group, an appropriate procedure for contracts comprising COSMIC information(2).

2. The Infrastructure Working Group therefore met on 22nd October, 1956 and drew up a revised text which is attached at Annex A.

3. It will be seen that this revised text embodies not only additions dealing with the question of obtaining security clearance for firms to be invited to bid for contracts comprising COSMIC elements but also certain amendments to the existing paragraphs. These additions and amendments are commented upon below.

Amendments to existing paragraphs -

4. The Working Group preferred the use of the phrase "by the quickest official means" to "by telegram", their reason being that telegraphic channels may not always be the quickest means, particularly in times of stress when traffic is heavy. Some delegations are provided with teletype facilities; others may be able to take advantage of the overnight movement of a courier.

5. The Working Group considered that, provided that official channels were used for communication between the host country and parent governments, it was unnecessary - and might even cause delay - to specify how such communication should be routed.

6. For these reasons, the Working Group proposed the deletion of the second sentence of paragraph 1 of the existing text and the inclusion of the words "by the quickest official means" at the end of the first sentence.

(1) see AC/35-D/147 paragraph 4
(2) AC/35-R/18 paragraph 12

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Clearance procedure in connection with contracts comprising COSMIC elements -

7. The Working Group considered that contracts comprising COSMIC elements were likely to be extremely rare; they agreed, however, that should such contracts arise, the importance of ensuring security would be such as entirely to justify special treatment.

8. The Working Group felt furthermore that in the case of contracts comprising COSMIC elements, knowledge of even the intention to call for bids should be confined to those firms who could be considered fully reliable from a security point of view. They felt in particular that public advertisement should be avoided in connection with such contracts.

9. So far as concerned the period of delay to be allowed for COSMIC clearance to be obtained, the Working Group felt that security should be the prime consideration. Nevertheless, they felt that there were in fact only two practical alternatives:

- (a) for member governments to notify the host country of the names of those firms which at the time of notification were already cleared for COSMIC or national TOP SECRET or which could, by virtue of the fact that they had been engaged in highly classified contracts in the immediate past, be given such clearance. If this procedure were adopted the Working Group felt that a period of 3/4 weeks should be sufficient;
- (b) to allow a sufficient period for the necessary detailed investigations to be made of the key personnel of any firms considered capable of carrying out the contract. The Working Group recognised that this period would probably be about 3 months.

10. Before recommending one of the above alternatives, the Working Group felt it desirable to have the comments of the Security Committee.

11. This whole matter will be placed on the Agenda for the next meeting of the Security Committee. In the meantime, the comments of delegations will be welcomed. Any comments received will be circulated to the Committee.

Palais de Chaillot,
Paris, XVIIe.

D R A F T

PROCEDURE FOR OBTAINING SECURITY CLEARANCE IN RESPECT OF FIRMS
TO BE INVITED TO BID FOR CLASSIFIED CONTRACTS

1. In order that security clearance may be obtained, the names of all firms which have indicated a desire to be invited to bid for a classified contract will be passed by the host country, together with a brief description and classification of the contract, to the parent governments of the firms concerned by the quickest official means.

2. The host country will not issue classified documents in connection with the contract to a firm until it has received specific security clearance for that firm to bid for that contract.

3. In the case of classified contracts which do not contain COSMIC elements a period of weeks shall be allowed to obtain security clearance. At the end of this period, the normal process of issuing specifications to, and receiving bids from, those firms for which clearance is available may proceed. Those firms for whom security clearance has not been obtained within the period of weeks would nevertheless be invited to bid if clearance is obtained in sufficient time before the closing date for bids. The closing date should not, however, be prolonged in order to accommodate such firms.

4. In the case of contracts containing COSMIC elements, the host country, when notifying the member governments of its intention to call for bids, will request them to furnish within a period of $\frac{3}{4}$ weeks
3 months the names of any of their firms capable of performing the contract and to whom they are able to give COSMIC clearance. Information about the forthcoming tender or the specification for the contract may be issued only to such firms.