



MTS SYSTEMS CORPORATION



Deemed Export Training

be certain.



What are Deemed Exports?

- » The Export Administration Regulations (EAR) define a deemed export as the release of technology or source code subject to the EAR to a foreign national in the United States. Part 734.2(b)(2)(ii)
- » This means, if you are a Non U.S. Person standing in the MTS Eden Prairie facility and you are handed a technical drawing by an MTS Employee, the U.S Government sees this as an export to your home country and could require a license.

Why is there a Deemed Export Rule?

The Deemed Export Rule balances two concerns:

- » The vital role of foreign nationals in U.S. industry and academia, contributing to the strength of our industrial base and our high-technology advantage, and ultimately our national security.
- » Foreign countries seek to illegally acquire controlled U.S. technology that could be diverted to the development of weapons or dual-use programs.

What is a Foreign National?

- » A person who is NOT a U.S. Citizen.
- » A person who is NOT lawfully admitted for permanent residence in the U.S.
- » A person who is NOT a protected person under the Immigration and Naturalization Act.
 - NOT a Political Refugee
 - NOT a Political Asylum holder



What is “Technology”?

- » Per Part 772 of the Export Administration Regulations (EAR), “technology is specific information necessary for the “development, “production”, or “use” of a product. The information takes the form of “technical data” or technical assistance”.

What is “Technical Data”?

- » Technical data may take forms such as blueprints, plans, diagrams, models, tables, engineering designs and specifications, manuals and instructions written or recorded on other media or devices such as disk, tape, read-only memories. Software programs and software updates.

What is “Technical Assistance”?

- » Technical assistance may take forms such as instruction, skills training, working knowledge, consulting services. Technical assistance may involve transfer of “technical data”.

Situations that can involve release of U.S. technology or software include:

- » Tours of laboratories.
- » Foreign national employees involved in certain research, development, and manufacturing activities.
- » Foreign students or scholars conducting research.
- » Hosting of foreign engineers.
- » Visual inspection of U.S. origin equipment and materials (technical specifications, drawings, blueprints, etc.).
- » Product demonstrations.
- » Training.
- » Oral exchanges of information either in the U.S. or abroad.

How does this apply to you and for MTS?

- » Facility access control procedures.
- » Review of technology generally encountered on tours.
- » Briefing employees as to what technical information can be communicated under what circumstances; both at home and on trips abroad.
- » Review/training with respect to transmission methodologies.
- » Procedures with Human Resources on hiring practices.
- » Internal technology controls for CAD drawings

Regulating Access to Export Controlled Work Areas within MTS.

Cardboard Barriers

- » Are intended to control access to a product or project. These barriers are intended to prevent unauthorized access to export controlled product and related technical data by non-U.S. persons.
- » These barriers are also used at the request of our customer's to protect proprietary products or information.



Cardboard Barrier

Regulating Access to Export Controlled Work Areas within MTS.

Temporary Access Signs

- » These signs indicated that export controlled work is underway within a work center. These signs are used in situations where it is not practical to make use of the cardboard barriers.



Temporary Access Sign



Regulating Access to Export Controlled Work Areas within MTS.

What do these barriers mean to you?

- » If you are a non-U.S. person, you may not enter an area where these barriers have been installed unless you have specifically been authorized either by
 - MTS Export Compliance and/or
 - Issuance of an export license from the United States government.

- » These restrictions apply to all non-U.S. persons, whether the person is customer, a supplier, and MTS employee, a friend, or a family member.



Regulating Access to Export Controlled Work Areas within MTS.

- » Violations of these restrictions can result in severe legal and financial consequences for MTS, including potential for loss of export privileges. Willful violations can result in personal criminal liability.



KEY REMINDER: ITAR or EAR technical information MUST be protected

What needs to be protected?

- “ITAR controlled”, “EAR controlled”, “Export controlled”, “ITAR restricted”, “EAR restricted”, “this document contains technical data”, “controlled by the Export Administration Regulations (EAR)”, “controlled by the International Traffic in Arms Regulations (ITAR)”, “transfer of this data by any means to a foreign person, whether in the U.S. or abroad, without an export license or other approval from the appropriate jurisdictional agency, is prohibited.”

What should I do?

- Retain hard-copy information in a locked desk drawer, locked file cabinet, etc.
- Retain electronic information in approved information system only – Document on Demand (DoD) is current approved information system.
- Don’t talk about information for anyone to hear.
- Don’t leave hard-copy information out and on-display for anyone to see.
- Don’t exchange electronic information without encryption for anyone to access.
- Don’t retain electronic information in un-approved information systems for anyone to access - on your personal PC, on a jump drive, on your personal U-drive, on your team network drive, in POND, in SFDC, in SAP, in FINDR, etc.

Refer to IT-017 policy and procedure for complete detailed instructions on how to identify, classify, and manage “export-controlled” information.

Who to contact for additional information or clarification

Global Trade

- » E-mail: Import-Export-Screening-EP@mts.com
- » E-mail: Import-Export-Coding-EP@mts.com

IT

- » E-mail: InformationSecurity@mts.com