

LESSON 2

Overview of the National Industrial Security Program Operating Manual (NISPOM)

In 1951 the Munitions Board (now defunct) issued a slim 14-page pamphlet entitled *Industrial Security Manual for Safeguarding Classified Information (ISM)*. Over the years the ISM grew and grew to 400-plus pages. Then in 1995 the ISM was replaced by the *National Industrial Security Program Operating Manual (NISPOM)*, which contains some 130 pages without supplements. As the FSO, a large part of your job is to see that the NISPOM requirements that apply to your facility are implemented.

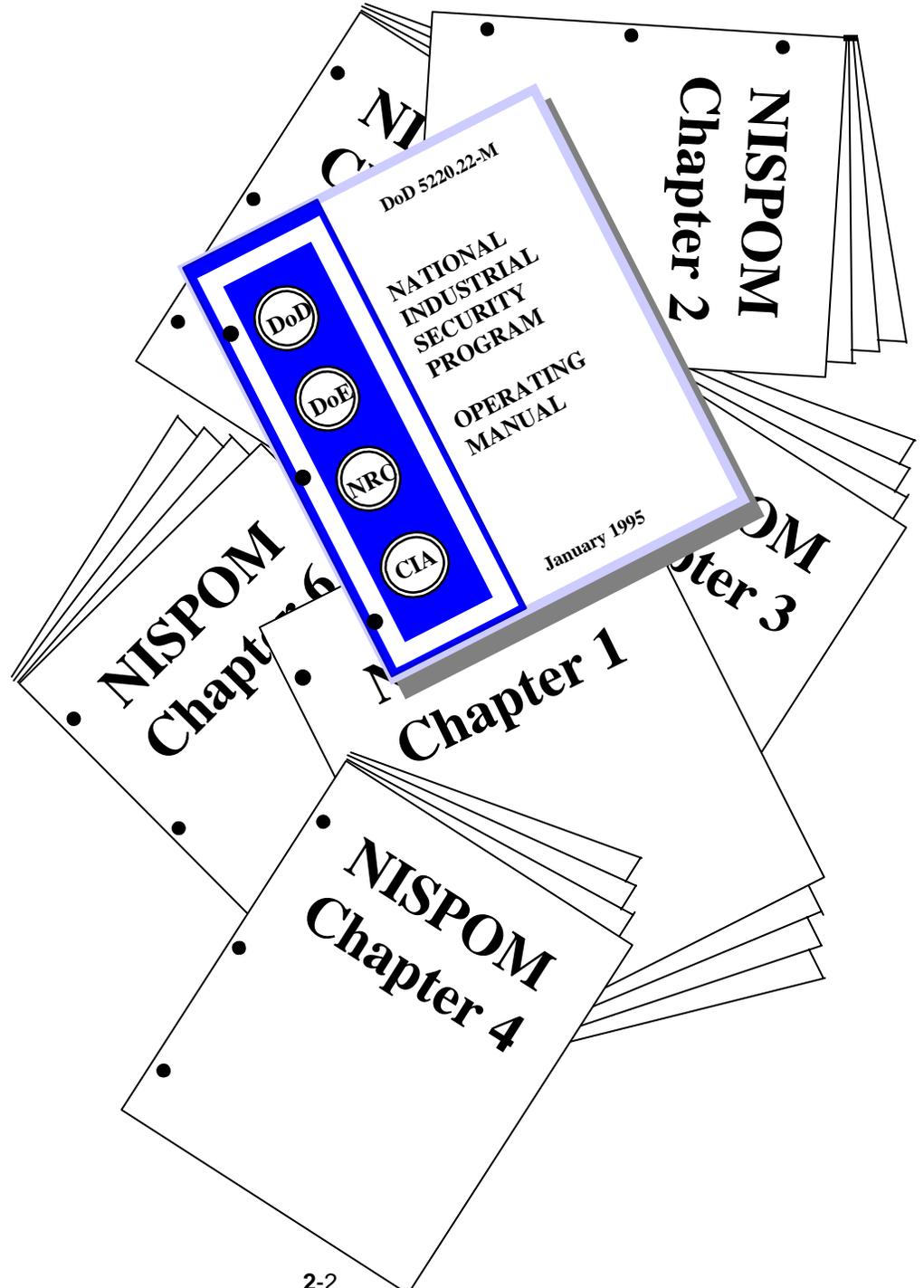
In this lesson we will point out the parts of the NISPOM that apply to *every* facility in the NISP. If your facility does not possess classified material, you may find that only Chapters 1, 2, 3, 6, and appendices A & C will apply.

Note: The other parts of the NISPOM may apply to a non-possessing facility, for instance **Chapter 9, Special Requirements**. To be certain of which chapters apply to your facility, it is recommended that you contact your IS Representative for guidance. We will discuss most of the essential parts of the NISPOM in detail in later lessons. Here, we're just pointing them out to you.

OBJECTIVES

When you have completed this lesson, you should be able to do the following:

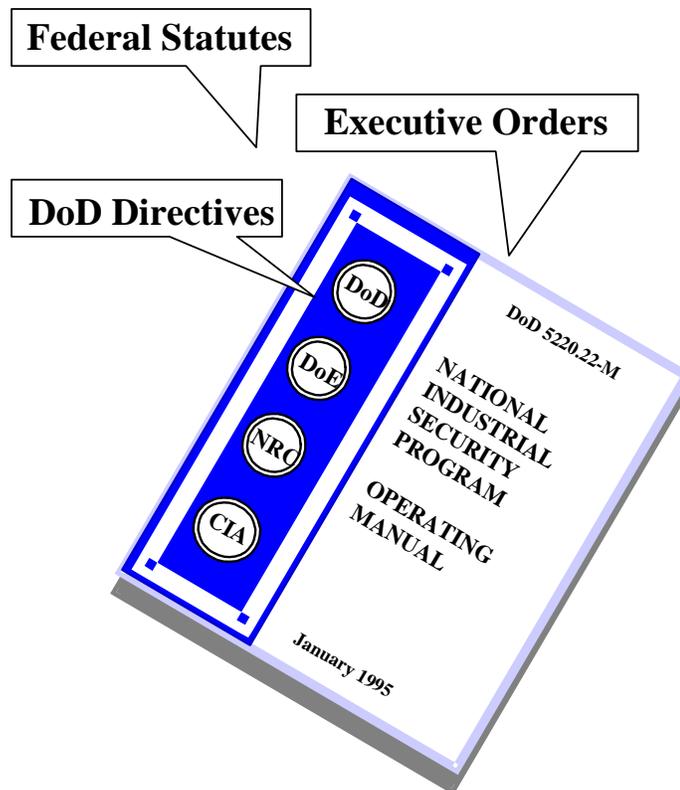
- Describe the format of the NISPOM.
- Identify the parts of the NISPOM that apply to all cleared contractors in the NISP.



IMPORTANCE OF THE NISPOM

The NISPOM is a part of your firm's contract with the government. In signing the Security Agreement (DD Form 441), the management of your facility agreed to comply with the requirements of the NISPOM.

Where did these requirements come from? The NISPOM is a digest or compilation of the various security requirements contained in a wide range of *federal statutes, directives and executive orders*. The NISPOM is your primary reference regarding the protection of classified information.



Familiarizing yourself with the NISPOM is a fundamental way for you to "work smarter." Your firm's management is justifiably concerned with the "bottom line." You can contribute to your firm's profitability by keeping security costs down. One effective way to do this is to be sure that you know which NISPOM security measures apply to your facility and which do not. IS Representatives often discover during facility reviews that some facilities have established security measures not required by the

NISPOM because the FSO mistakenly thought that they were required. *Moral: Know your NISPOM; it's good business.*

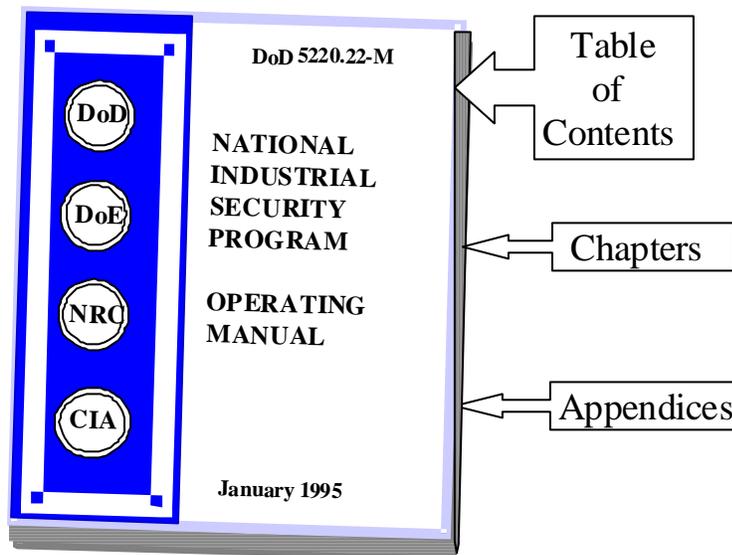
The NISPOM sets forth requirements for implementation by you, the FSO. Security guidance should be provided to company employees by providing them a copy of the Standard Practice and Procedures (SPP) as referenced in Chapter 1-202, NISPOM. The SPP tells your company's employees specifically how your company implements the requirements of the NISP.

INDUSTRIAL SECURITY LETTERS

The Department of Defense-Defense Security Service, publishes an Industrial Security Letter (ISL) periodically to inform Industry, User Agencies and DoD Activities of developments relating to industrial security. ISLs are used to provide detailed operational guidance and to notify you of changes to existing policies or requirements. All ISL's are posted on the DSS Website: www.dss.mil

FORMAT OF THE NISPOM

Let's take a look at the NISPOM. First comes the **TABLE OF CONTENTS**. *Note: The eleven chapters are comprised of sections.*



Each page has a *three-part* number that identifies it by chapter, section, and page:

chapter number - section number - page number

The page number that begins each section is always 1 because the pages of each section are numbered consecutively *within that section* (1-1-1, 1-1-2, 1-1-3).

After the chapters come three **APPENDICES**, lettered A through C. As with the sections, the pages of each appendix are numbered consecutively *within that appendix* (A-1, A-2, A-3).

Last listed are the **SUPPLEMENTS TO THE NISPOM**. The supplements are *separate booklets* and are not included in the main manual, so there are no page numbers for them.

One more thing. The format for subparagraphs is as follows:

1-100.

a.

(1)

(a)

That's about all you need to know to find your way around in the NISPOM. Now let's look at the parts of the manual you will be using the most.

BASIC PARTS OF THE NISPOM

The following NISPOM references apply to *every* contractor in the NISP:

BASIC NISPOM PARTS

CHAPTER 1	GENERAL PROVISIONS AND REQUIREMENTS
CHAPTER 2	SECURITY CLEARANCES
CHAPTER 3	SECURITY TRAINING AND BRIEFINGS
CHAPTER 6	VISITS AND MEETINGS

Appendix A	Organizational Elements for Industrial Security
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Appendix C	Definitions
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As we've indicated, we'll leave the discussions of most of these parts for later lessons. For now, let's look at **Chapter 1**.

CHAPTER 1 OF THE NISPOM

Chapter 1, General Provisions and Requirements, is the most important part of the NISPOM. It conveys the basic policies of the NISP. The other parts of the NISPOM support Chapter 1.

Now for more good news: of the three sections of Chapter 1, only Section 1 and about half of sections 2 and 3 apply to every contractor in the NISP.

SECTION 1

WAYS TO CUT YOUR NISPOM IN HALF



FOLLOW THE GUIDELINES PROVIDED IN THIS COURSE.

Let's look at Section 1, Introduction. Paragraph 1-100, **Purpose**, states the two main goals of the manual: to *prevent unauthorized disclosure of* and to *control authorized disclosure of* classified information released to NISP contractors. Paragraph 1-101, **Authority**, cites the main executive orders and other sources of authority that underpin the NISP. It points out the role of the Secretary of Defense in administering the NISP, and specifies the roles of the heads of the DOE, NRC, CIA, and the Information Security Oversight Office (ISOO) within the NISP. We have already gone over most of the content of paragraphs 1-102, **Scope**, 1-103, **Agency Agreements**, and 1-104, **Security Cognizance**. Paragraphs 1-105, **Composition of Manual**, 1-106, **Manual Interpretations**, and 1-107, **Waivers and Exceptions to this Manual**, need not concern us here. (Note that in 1-105 "baseline" refers to what applies to every possessing NISP contractor, so it includes all of Chapters 1 through 11. We use "basic" to refer to what in the NISPOM applies to every NISP contractor, whether or not they possess classified material at their facilities.)

SECTION 2

This is a vital section for you to know. **Section 2, General Requirements**, spells out the primary requirements that a cleared contractor is responsible for implementing. *The second requirement in section 2 is the basis for your job.*

1-201. Facility Security Officer (FSO). The contractor shall appoint a U.S. citizen employee, who is required to be cleared as part of the Facility Clearance (FCL), to supervise and direct security measures necessary for implementing this manual and related federal requirements for classified information.

Seven of the ten paragraphs of **Section 2** apply to every cleared contractor in the NISP, as follows. We'll be discussing most of these in later lessons.

BASIC REQUIREMENTS

1-200. General

1-201. Facility Security Officer (FSO)

1-202. Standard Practice Procedures

1-204. Cooperation with Federal Agencies

1-206. Security Training and Briefings

1-207. Security Reviews

1-208. Hotlines

SECTION 3

Section 3. Reporting Requirements, lists the reports contractors are required to submit. The chart shows the reports that every cleared contractor in the NISP must submit, as necessary.

BASIC REPORTS

NISPOM 1-301. Reports to be Submitted the to the FBI:

[Espionage, Sabotage,
or Subversive Activities]

NISPOM 1-302. Reports to be Submitted to (DISCO)

- a. Adverse Information
- b. Suspicious Contacts
- c. Change in Employee's Status
- d. Representative of a Foreign Interest
- e. Citizenship by Naturalization
- f. Employees Desiring Not to Perform on Classified Work
- g. Standard Form (SF) 312

NISPOM 1-304 Individual Culpability Reports

NISPOM 1-302 Reports submitted to DSS Field Office:

- h. **Changed Conditions Affecting the Facility Clearance**
- m. **Employee Information in Compromise Cases**

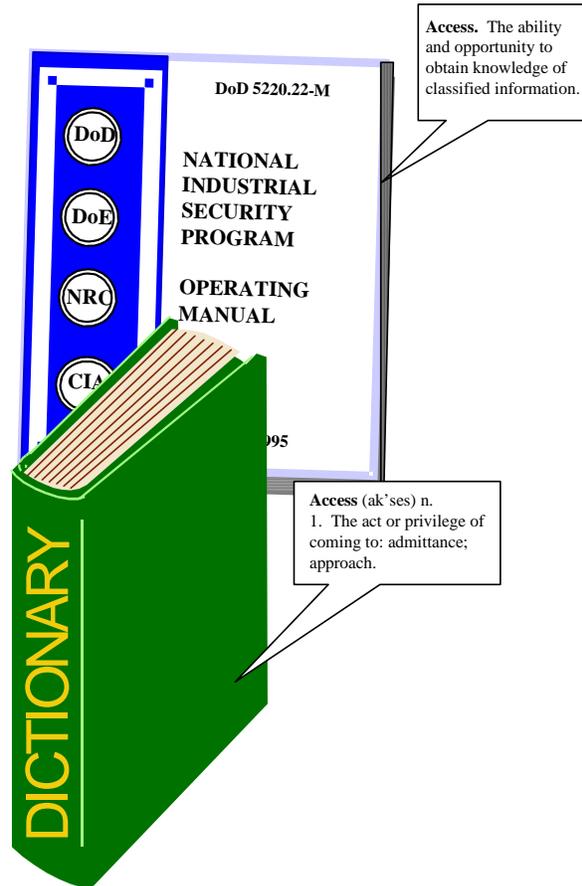
NISPOM 1-303 Reports of Loss, Compromise or Suspected Compromise, and Security Violations

NOTE: In the Industrial Security Letter (ISL) 02L-1, item number 9 (Reports Submitted to the Cognizant Security Agency (CSA) indicates where reports should be sent as referenced in NISPOM Chapters 1-302, 1-303, and 1-304.

APPENDICES

Appendix A, Organizational Elements for Industrial Security, provides a listing of addresses and telephone numbers. In addition to what you find in Appendix A, the Defense Security Service provides a more detailed and updated directory of information online at www.dss.mil.

Now let's turn to **Appendix C, Definitions**. One of the keys to understanding the NISP and to performing your duties within it is to get to know its language. Therefore, in addition to the basic acronyms and abbreviations given at the front of this booklet, you should also learn the meanings of certain basic terms listed in **Appendix C**. You need to learn their meanings because they are often quite different from standard dictionary definitions. Take the definition of "access," for instance. One desk dictionary defines "access" as "the act or privilege of coming to; admittance; approach." Within the NISP, however, "access" means "the ability and opportunity to obtain knowledge of classified information." Quite a difference!



Of the 150 or so terms in **Appendix C**, which ones should you be familiar with? We have listed 32 of them.

KEY TERMS

Access	Home Office Facility
Adverse Information	Industrial Security
Authorized Person	Information
Classified Contract	Limited Access Authorization
Classified Information	Multiple Facility Organization
Cognizant Security Agency	National Security
Cognizant Security Office	Need-to-Know
Compromise	Parent Corporation
CONFIDENTIAL	Personnel Security Clearance
Contractor	Public Disclosure
Document	Representative of a Foreign Interest
Facility	SECRET
Facility Security Clearance	Security Cognizance
Foreign Interest	Subsidiary Corporation
Foreign Nationals	TOP SECRET
Government Contracting Activity	Unauthorized Person

SUMMARY

The NISPOM is a synthesis of various federal security requirements. The NISPOM is a part of your firm's contract with the government, and your most important duty as an FSO is to ensure that your company complies with applicable provisions of the NISPOM. Only a few parts of the NISPOM apply to every cleared contractor in the NISP. In general, the parts discussed in this lesson are the only ones that a non-possessing facility needs to concern itself with.

2 - Review Exercises

Complete the following exercises for review and practice.

Multiple-choice questions may have one or more correct choices.



1. The management of your firm has formally agreed with the government to comply with the provisions of the NISPOM.

() True. () False.

2. The provisions of the NISPOM are derived from security requirements established by federal statutes, executive orders, and federal directives.

() True. () False.

3. The two main goals of the NISPOM are 1) to p_____ disclosure and 2) to c_____ disclosure of classified information released by elements of the executive branch to their contractors.

4. The Table of Contents lists

() a. Chapters.

() b. Sections.

() c. Paragraphs.

() d. Appendices.

() e. Supplements.

() f. Figures.

5. 5-3-2 refers to _____ of _____ of _____ of the NISPOM.

6. The COMSEC Supplement is included at the rear of the manual.

() True. () False.

7. The tenth paragraph of Section 3 of Chapter 2 is numbered

() a. 3-209.

() b. 2-310.

() c. 9-203.

8. Only about four chapters and two appendices of the NISPOM generally apply to every contractor in the NISP.

() True. () False.

9. The other parts of the NISPOM support and supplement

() a. Chapter 1, General Provisions and Requirements.

() b. Chapter 2, Security Clearances.

() c. Chapter 3, Security Training and Briefings.

() d. Chapter 6, Visits and Meetings.

10. Match the following sections of NISPOM, Chapter 1, with their topics.

Section	Topic
_____ Section 1.	a. Reporting Requirements
_____ Section 2.	b. Introduction
_____ Section 3.	c. General Requirements

2 - Solutions & References



1. **True.** (p. 2-3)
2. **True.** (p. 2-3)
3. prevent unauthorized, control authorized. (p. 2-6)
4. a., b., d., and e. (p. 2-4)
5. chapter, section, page (p. 2-5)
6. **False.** (p. 2-5)
7. b. (p. 2-5)
8. **True.** (p. 2-5)
9. a. (p. 2-5)
10. b. Section 1.
c. Section 2.
a. Section 3. (pp. 2-5-6--7)