

## GSA ORDER

Subject: General Services Administration Acquisition Regulation; GSAR Case 2021-G527, Immediate and Highest-Level Owner for High-Security Leased Space

1. Purpose. This order transmits a revision to the General Services Administration Acquisition Regulations (GSAR). The revision implements requirements outlined in the Secure Federal LEASEs Act (Pub. L. 116-276). The Act addresses the risks of foreign ownership of Government-leased real estate and requires the disclosure of ownership information for high-security space leased to accommodate a Federal agency.
2. Background. In December 2020, the Secure Federal Leases from Espionage And Suspicious Entanglements (LEASEs) Act (Pub. L. 116-276) was enacted to reduce security risks such as espionage and unauthorized cyber and physical access in high-security leased space.

The Act addresses national security risks identified in the Government Accountability Office (GAO) report, *GSA Should Inform Tenant Agencies When Leasing High-Security Space from Foreign Owners*, dated January 2017 ([GAO-17-195](#)). This report found certain high-security Federal agencies were in buildings owned or controlled by foreign entities. According to the report, most Federal tenants were unaware the spaces GAO identified were subject to foreign ownership or control, exposing these agencies to the heightened risk of surreptitious physical or cyber espionage by foreign actors. The report also noted GAO could not identify the owners of approximately one-third of the Federal government's high-security leases because such ownership information was unavailable for those buildings.

As the US Government's "landlord," GSA serves as the central leasing agent for Federal leases and is responsible for managing and obtaining space on behalf of multiple Federal agencies. When GSA enters into a leasing agreement, the agency becomes the "tenant" of GSA, with GSA acting as the lessee of the property. GSA currently uses information contained in the System for Award Management (SAM) to collect foreign ownership information for potential lessors, including immediate or highest-level owners. However, as Congress recognized in the Act, SAM does not capture more nuanced forms of foreign control such as entities involved in financing properties or beneficial ownership.

With this change, GSA is implementing Section 3 and Section 5 of the Act.

### Section 3-

- Requires Federal lessees for high-security leased space to require covered entities to identify and disclose whether the owner of the leased space, including an entity involved in the financing thereof, is a foreign person or a foreign entity, including the country associated with the ownership entity, before entering into a lease agreement. Covered entities must provide Federal lessees such information—
  - when first submitting proposals in response to a solicitation for offers issued by the lessee; and
  - annually, to include the list of immediate or highest level owners of the covered entity during the preceding one-year period of occupancy.
- Requires the Federal lessee to notify the Federal tenant in writing if such a disclosure of foreign ownership is made and consult with the tenant regarding any security concerns prior to awarding a new lease agreement.

### Section 5-

- Requires that leases for high-security space include certain language regarding access to the high-security leased space by the covered entity and any member of the property management company.

To implement Section 3 and Section 5 requirements outlined in the Secure Federal LEASEs Act (Pub. L. 116-276), one new GSAR representation and one new GSAR clause have been developed.

### General Awareness

Section 4 of the Act is not addressed in this order, but is outlined here for general awareness.

### Section 4-

- Requires the identification of beneficial owners of high-security leased spaces and will be addressed in a subsequent rulemaking through GSAR Case 2021–G522 and FMR Case 2021-102-1. In addition, the FAR Council has opened FAR Case 2021-005 which will implement sections 885 and 6403 of the NDAA for FY 2021 (Pub. L. 116-283) to require certain offerors to disclose beneficial ownership information in their offers for contracts over the simplified acquisition threshold.
3. Effective date. June 30, 2021
  4. Applicability. This order applies to new lease awards, the exercise of options for current leases, lease extensions, and ownership changes for high-security leased space. Except where otherwise provided, the Act's disclosure requirements shall apply with respect to any lease or novation agreement entered into on or after June 30, 2021, involving high-security leased space. That includes new, renewal,

succeeding, expansion, superseding, extension, and replacing leases and novations.

5. Explanation of changes. This amendment includes regulatory changes only. For the full text changes of the amendment see Attachment A, GSAR Text Line-In/Line-Out.

This amendment adds language to the following GSAR subparts. No previous language is removed or deleted. The changes are summarized below:

A. Part 501-General Services Administration Acquisition Regulation System

Updates the table at 501.106.

B. Part 552-Solicitation Provisions and Contract Clauses

Adds a new representation at 552.270-33 (Foreign Ownership and Financing Representation for High-Security Leased Space).

Adds a new clause at 552.270-34 (Access Limitations for High-Security Leased Space).

C. Part 570-Acquiring Leasehold Interests in Real Property

Under subpart “570.1-General”, adds 570.118 titled “Foreign Ownership Disclosure” with accompanying language.

Under subpart “570.7-Solicitation Provisions and Contract Clauses”, adds paragraph (c) and (d) to “570.703-GSAR contract clauses”.

6. Point of contact. For clarification of content, contact Mr. Stephen Carroll, GSA Acquisition Policy Division, at [gsarpolicy@gsa.gov](mailto:gsarpolicy@gsa.gov).

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**Attachment A: GSAR Text Line-In/Line-Out**

**GSAR Baseline: Change 129 effective 06/24/2021**

- Additions to baseline made by rule are indicated by **[bold text in brackets]**
- Deletions to baseline made by rule are indicated by ~~strikethroughs~~
- Five asterisks (\*\*\*\*\* ) indicate that there are no revisions between the preceding and following sections
- Three asterisks (\*\*\*) indicate that there are no revisions between the material shown within a subsection

**Part 501 - General Services Administration Acquisition Regulation System**

**Subpart 501.1 - Purpose, Authority, Issuance**

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**501.106 OMB Approval under the Paperwork Reduction Act.**

<b>GSAR Reference</b>	<b>OMB Control No.</b>
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<b>[552.270-33]</b>	<b>[3090-0324]</b>
<b>[570.703(c)]</b>	<b>[3090-0324]</b>
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**Part 552 - Solicitation Provisions and Contract Clauses**

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**Subpart 552.2 - Text of Provisions and Clauses**

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**[552.270-33 Foreign Ownership and Financing Representation for High-Security Leased Space.**

**As prescribed in 570.703(c), use the following clause:**

**FOREIGN OWNERSHIP AND FINANCING REPRESENTATION FOR HIGH-SECURITY LEASED SPACE (DATE)**

**(a) Definitions. As used in this clause–**

***Financing*** means the process of raising or providing funds through debt or equity for purposes of meeting the requirements of the Lease, including, but not limited to, acquisition, maintenance, and construction of, or improvements to, the Property.

***Foreign entity*** means a:

- (i) Corporation, company, business association, partnership, society, trust, or any other nongovernmental entity, organization, or group that is headquartered or organized under the laws of a country that is not the United States or a state, local government, tribe, or territory within the United States; or**
- (ii) Government or governmental instrumentality that is not the United States Government.**

***Foreign person*** means an individual who is not:

- (i) a United States citizen; or**
- (ii) an alien lawfully admitted for permanent residence in the United States.**

***Highest-level owner*** means the entity that owns or controls an immediate owner of the offeror or Lessor, or that owns or controls one or more entities that control an immediate owner of the offeror or Lessor. No entity owns or exercises control of the highest-level owner.

***Immediate owner*** means an entity, other than the offeror or Lessor, that has direct control of the offeror or Lessor. Indicators of control include, but are not limited to, one or more of the following: ownership or interlocking management, identity of interests among family members, shared facilities and equipment, and the common use of employees.

***Unique entity identifier*** means a number or other identifier used to identify a specific commercial, nonprofit, or Government entity. See [www.sam.gov](http://www.sam.gov) for the designated entity for establishing unique entity identifiers.

**(b) Timing.** The Offeror or Lessor shall complete this representation when submitting a proposal. If the Offeror is the successful awardee, the Offeror (now Lessor) shall review, update, and provide this representation on an annual basis, reflecting all changes to immediate owner, highest-level owner and financing during the preceding 1-year period, starting one year from the Lease Term Effective Date through final payment of any contract. If the Lessor intends to transfer the lease to a successor in interest under the circumstances set forth in FAR 42.1204, the Lessor shall submit this representation to the Lease Contracting Officer with any request to novate the lease. The Offeror or Lessor is responsible for the currency, accuracy and completeness of the data disclosed, and for any

liability resulting from the Government's reliance on inaccurate or incomplete data.

**(c) Immediate owner.**

(1) The Offeror or Lessor represents that it  does or  does not have an immediate owner.

(2) If the Offeror or Lessor indicates "does" in paragraph (c)(1) of this clause, then enter the following information for the immediate owner. If the offeror or Lessor has more than one immediate owner (e.g., joint venture), then the offeror or Lessor shall provide the information for each entity.

Legal name (do not use a "doing business as" name)	
Unique entity identifier (if available)	

(3) If the Offeror or Lessor indicates "does" in paragraph (c)(1) of this clause, then complete this additional representation: Is the immediate owner a foreign entity?:  Yes or  No.

(4) If the Offeror or Lessor indicates "does" in paragraph (c)(1) of this clause, then complete this additional representation: Is the immediate owner a foreign person?:  Yes or  No.

(5) If the Offeror or Lessor indicates "Yes" in either paragraph (c)(3) or (4) of this clause, indicating that there is foreign ownership (as a foreign entity or foreign person), then enter the following information for the foreign owner (respond for each as applicable).

Physical address	
Country	

**(d) Highest-level owner.**

(1) The Offeror or Lessor represents that the immediate owner, if any,  is or  is not owned or controlled by another entity?

(2) If the Offeror or Lessor indicates "is" in paragraph (d)(1) of this clause, indicating that the immediate owner is owned or controlled by another entity, then enter the following information for the highest-level owner.

Legal name (do not use a "doing business as" name)	
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Unique entity identifier (if available)	
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(3) If the Offeror or Lessor indicates "is" in paragraph (d)(1) of this clause, then complete this additional representation: Is the highest-level owner a foreign entity?:  Yes or  No.

(4) If the Offeror or Lessor indicates "is" in paragraph (d)(1) of this clause, then complete this additional representation: Is the highest-level owner a foreign person?:  Yes or  No.

(5) If the Offeror or Lessor indicates "Yes" in either paragraph (d)(3) or (4) of this clause, indicating that there is foreign ownership (as a foreign entity or foreign person), then enter the following information for the foreign owner (respond for each as applicable).

Physical address	
Country	

**(e) *Financing entity.***

(1) The Offeror or Lessor represents that the financing  does or  does not involve a foreign entity?

(2) The Offeror or Lessor represents that the financing  does or  does not involve a foreign person?

(3) If the Offeror or Lessor indicates "does" in either paragraph (e)(1) or (2) of this clause, indicating foreign financing (as a foreign entity or foreign person), then enter the following information for the foreign financing (respond for each as applicable).

Legal name (do not use a "doing business as" name)	
Unique entity identifier (if available)	

Physical address	
Country	

(End of clause)]

[552.270-34 Access Limitations for High-Security Leased Space.

As prescribed in 570.703(d), use the following clause:

**ACCESS LIMITATIONS FOR HIGH-SECURITY LEASED SPACE (DATE)**

**(a) The Lessor, including representatives of the Lessor’s property management company responsible for operation and maintenance of the leased space, shall not—**

**(1) Maintain access to the leased space; or**

**(2) Have access to the leased space without prior approval of the authorized Government representative.**

**(b) Access to the leased space or any property or information located within that Space will only be granted by the Government upon determining that such access is consistent with the Government’s mission and responsibilities.**

**(c) Written procedures governing access to the leased space in the event of emergencies shall be documented as part of the Government’s Occupant Emergency Plan, to be signed by both the Government and the Lessor.**

**(End of clause)]**

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**Part 570 - Acquiring Leasehold Interests in Real Property**

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**Subpart 570.1 - General**

**\* \* \* \* \***

**[570.118 - Foreign Ownership Disclosure**

**If a foreign ownership disclosure is made pursuant to clause 552.270-33:**

**(a) The contracting officer shall notify the Federal tenant for the leased space in writing:**

**(1) If the disclosure is made during the lease acquisition process, the contracting officer shall notify the Federal tenant prior to lease award.**

**(2) If the disclosure is made concurrent with a request for novation, the contracting officer shall notify the Federal tenant prior to executing the novation.**

**(3) If the disclosure is made concurrent with a renewal option or extension, the contracting officer shall notify the Federal tenant prior to executing the renewal option or extension.**

**(b) The contracting officer shall coordinate with the Federal tenant regarding security concerns and any necessary mitigation measures.**

**\* \* \* \* \***



**Subpart 570.7 - Solicitation Provisions and Contract Clauses**

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**570.703 GSAR contract clauses.**

(a) \* \* \*

(b) \* \* \*

**[(c) Insert the representation clause at 552.270-33, Foreign Ownership and Financing Representation for High-Security Leased Space, in novations, solicitations and contracts for leased space that:**

- (1) will be occupied by Federal employees for nonmilitary activities; and**
- (2) has a facility security level of III, IV, or V.]**

**[(d) Insert the clause at 552.270-34 Access Limitations for High-Security Leased Space, in novations, solicitations and contracts for leased space that:**

- (1) will be occupied by Federal employees for nonmilitary activities; and**
- (2) has a facility security level of III, IV, or V.]**

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