

## Federal Acquisition Regulation (FAR)

And

## Defense Federal Acquisition Regulation Supplement (DFARS) Clauses

### Non-Commercial Item(s)

The following Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS) clauses are incorporated by reference with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, during the performance of an ORDER in support of a U.S. Government Prime Contract. When a FAR or DFARS clause uses a word or term that is defined in the FAR or DFARS, the word or term shall have the same meaning as in the definition in FAR 2.101 or DFARS 202.101 in effect on the date of this ORDER unless (i) a different definition is expressly set forth in this ORDER; or (ii) the part, subpart, or section of the FAR or DFARS where the clause is prescribed provides a different meaning; or (iii) the word or term is defined in FAR Part 31, for use in the cost principles and procedures. If other clauses apply to the ORDER, they will be identified on the Derco Sales quote or the ORDER itself.

If this order is issued in support of a government contract, and the item(s) you are providing does not meet the Government definition of a "Commercial Item" at FAR 2.101, the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS) clauses, and any others identified on the DERCO Sales Quotation or Purchase Order referenced below, are incorporated herein by reference as indicated, with the same force and effect as if they were given in full text, and are applicable to this ORDER.

In all clauses, unless the context of a clause requires otherwise, the term "Contractor" shall mean Seller, the term "Contract" shall mean this Order and the terms "Government," "Contracting Officer" and equivalent phrases shall mean DERCO or Buyer, or Customer Support Specialist, respectively. It is intended that the referenced clauses shall apply to Seller in such manner as is necessary to reflect the position of Seller as a subcontractor to DERCO, to insure Seller's obligations to DERCO and to the United States Government, and to enable DERCO to meet its obligations under its Prime Contract or Subcontract.

### DEFINITIONS

"ORDER" means the instrument of contracting, such a Purchase Order ("PO"), Subcontract or other such type designation, including all referenced documents, exhibits and attachments.

"DERCO" mean Derco Aerospace, Inc., or Derco Repair Services, Inc. or Derco Logistics, Inc., as identified on the face of the ORDER.

"Prime Contract" means the Contract between DERCO and the U.S. Government or between DERCO and its higher-tier contractor who has a contract with the U.S. Government.

"SELLER" means the party identified on the face of this ORDER with whom DERCO is contracting.

"Work," mean all required parts, items, labor, articles, materials, supplies, good, or services constituting the subject matter of the ORDER.

### APPLICABLE TO ALL ORDERS

<u>Clause Title</u>	<u>FAR Reference</u>	<u>DFARS Reference</u>
New Material	52.211-5	
Defense Priority and Allocation Requirements	52.211-15	

Variation in Quantity	52.211-16
Notice to the Government of Labor Disputes	52.222-1
Walsh-Healy Public Contracts Act	52.222-20
Restrictions on Certain Foreign Purchases	52.225-13
Royalty Information	52.227-6
Workers Compensation Insurance (Defense Base Act)	52.228-3
Federal, State & Local Taxes	52.229-3

**APPLICABLE TO ALL ORDERS (continued)**

<u>Clause Title</u>	<u>FAR Reference</u>	<u>DFARS Reference</u>
Notice of Progress Payments	52.232-13	
Disputes	52.233-1	
Industrial Resources Developed Under Defense Production Act title III	52.234-1	
Changes-Fixed Price	52.243-1	
Subcontracts for Commercial Items	52.244-6	
Government Property (Cost-Reimbursement, Time-and-Material or Labor-Hour Contracts	52.245-5	
Inspection of Supplies-Fixed Price	52.246-2	
Responsibility for Supplies	52.246-16	
Limitation of Liability	52.246-23	
Preference for Privately Owned U.S-Flag Commercial Vessels	52.247-64	
Termination for Convenience of the Government (Fixed Price) (Short Form)	52.249-1	
Default (Fixed Price Supply & Service)	52.249-8	
Excusable Delays	52.249-14	
Requirements for Contracts Involving Export-Controlled Items		252.204-7008
Restriction on Acquisition of Ball and roller Bearings		252.225-7016
Rights in Technical Data & Computer Software		252.227-7013
Restrictive Markings on Technical Data		252.227-7018
Identification of Restricted Rights Computer Software		252.227-7019
Engineering Change Proposals		252.243-7000
Pricing of Contract Modifications		252.243-7001
Warranty of Data		252.246-7001

**APPLICABLE WHEN ORDER EXCEEDS \$2,500.00**

Child Labor – Cooperation with Authorities and Remedies	52.222-19	
Affirmative Action for Workers with Disabilities	52.222-36	
Supplies to be Accorded Duty-Free Entry		252.225-7008
Service Contract Act	52.222-41	
Bankruptcy	52.242-13	

**APPLICABLE WHEN ORDER EXCEEDS \$10,000.00**

Prohibition of Segregated Facilities	52.222-21	
Equal Opportunity	52.222-26	
Affirmative Action for Workers with Disabilities	52.222-36	

**APPLICABLE WHEN ORDER EXCEEDS \$25,000.00**

Protecting the government’s Interest When Subcontracting With Contractor’s Debarred, Suspended, or Proposed for Debarment (Applicable if SELLER’s subcontract with any lower-tier supplier exceeds \$25,000.)	52.209-6	
Affirmative Action for Disabled Veterans and Veterans of the Vietnam Era	52.222-35	
Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	52.222-37	
Authorization and Consent	52.227-1	

Patent Indemnity	52.227-3	
Competition in Subcontracting	52.244-5	

**APPLICABLE WHEN ORDER EXCEEDS \$100,000**

Restrictions on Subcontractor Sales to the Government	52.203-6	
Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies		252.203-7001

(In this clause, the terms “contract,” “Contractor,” and “subcontract” shall not change in meaning in paragraphs (a) thru (d). Delete paragraph (g).)

**APPLICABLE WHEN ORDER EXCEEDS \$100,000 (continued)**

<u>Clause Title</u>	<u>FAR Reference</u>	<u>DFARS Reference</u>
Anti-Kickback Procedures	52.203-7	
Certification and disclosure Regarding Payments to Influence Certain Federal Transactions	52.203-11	
Limitation on Payments to Influence Certain Federal Transactions	52.203-12	
Audit and Records Negotiation	52.215-2	
Integrity of Unit Prices	52.215-14	
Utilization of Small Business Concerns and Small Disadvantaged Business Concerns	52.219-8	
Contract Work Hours and Safety Standards Act Overtime Compensation	52.222-4	
Toxic Chemical Release Reporting	52.223-14	
Notice and Assistance Regarding Patent and Copyright Infringement	52.227-2	
Employee Rights on Payment of Union Dues or Fees	52.222-39	
Value Engineering	52.248-1	
Termination for the Convenience of the Government (Fixed Price)	52.249-2	

**APPLICABLE WHEN ORDER EXCEEDS \$500,000**

Cost Accounting Standards Notices and Certification	52.230-1	
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**APPLICABLE WHEN ORDER EXCEEDS \$550,000.00**

Small Business Subcontracting Plan (Applicable if the SELLER is not a small business)	52.219-9	
Reporting of Contract Performance Outside the United States (Delete paragraph (c))		252.225-7004
Notification of Anticipated Contract Termination or Reduction (Delete paragraph (d) (1) and the first five words of paragraph (d) (2)).		252.249-7002

**APPLICABLE WHEN ORDER EXCEEDS \$650,000.00**

Audit and Records – Sealed Bidding	52.214-26	
Subcontractor Cost or Pricing Data	52.214-28	
Subcontractor Cost or Pricing Data	52.215-12	
Subcontractor Cost or Pricing Data—Modifications	52.215-13	
Requirements for cost or Pricing Data or Information Other Than Cost or Pricing Data	52.215-20	
Requirements for cost or Pricing Data or Information Other Than Cost or Pricing Data - Modifications	52.215-21	
Pricing Adjustments		252.215-7000

**APPLICABLE TO ORDER AS INDICATED IN NOTES**

Security Requirements	52.204-2	
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(Applicable if the Work requires access to classified information)  
**Disclosure of Information** 252.204-7000

(Applicable if the Prime Contract contains this clause)  
**Item Identification and Valuation** 252.211-7003

(Applicable to ORDERS (1) for which the Government’s unit acquisition cost is \$5,000 or greater or (2) items for which the Government’s unit acquisition cost is less than \$5,000, but the requiring activity determines that permanent identification is required, or (3) items for which the Government’s unit acquisition cost is less than \$5,000 but the items have been identified by the requiring activity as serially managed, mission essential, or controlled inventory. In all cases, (1) through (3) above, DERCO shall notify the SELLER if unique item identification is required.

**Radio Frequency Identification** 252.211-7006

(Applicable to Class IX repair parts and components as defined in DoD4140.1-R, DoD Supply Chain Materiel Management Regulation, AP1.1.11:

**Price Reduction for Defective Cost or Pricing Data** 52.215-10

(Applicable if submission of cost or pricing data is required. Rights and obligations under this clause shall survive completion of the Work and final payment under this ORDER)

**APPLICABLE TO ORDER AS INDICATED IN NOTES (continued)**

<u>Clause Title</u>	<u>FAR Reference</u>	<u>DFARS Reference</u>
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<b>Price Reduction for Defective Cost of Pricing Data—Modifications</b>	52.215-11	
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(Applicable if submission of cost or pricing data is required. Rights and obligations under this clause shall survive completion of the Work and final payment under this ORDER)

<b>Pension Adjustments and Asset Reversions</b>	52.215-15	
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(Applicable if this ORDER meets the applicability requirements of FAR 15.408(g).

<b>Facilities Capital Cost of Money</b>	52.215-16	
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(Applicable only if this ORDER is subject to the Cost Principles at FAR Subpart 31.2 and the SELLER proposed facilities capital cost Of money in its offer.)

<b>Waiver of Facilities Capital Cost of Money</b>	52.215-17	
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(Applicable only if this ORDER is subject to the Cost Principles at FAR Subpart 31.2 and the SELLER did not propose facilities capital Cost of money in its offer.)

<b>Reversion or Adjustment of Plant for Post-Retirement Benefits (PRB)</b>	52.215-18	
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**Other Than Pensions**

(Applicable if this ORDER meets the applicability requirements of FAR 15.408(k)).

<b>Notification of Ownership Changes</b>	52.215-19	
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(Applicable if this Order meets the applicability requirements of FAR 15.408(k)).

<b>Excessive Pass-through Charges – Identification of Subcontract Effort</b>		252.215-7003
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(Applicable unless firm-fixed-price subcontract is awarded on the basis of adequate price competition or subcontract is a firm-fixed price of a commercial item.)

<b>Excessive Pass-Through Charges</b>		252.215-7004
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(Applicable unless firm-fixed-price subcontract is awarded on the basis of adequate price competition or subcontract is a firm-fixed price of a commercial item.)

<b>Small, Small disadvantaged and Women-Owned Small Business</b>		252.219-7003
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**Subcontracting Plan (DoD Contracts)**

(Applicable if FAR 52.219-9 applies to this ORDER. Delete paragraph (g).)

<b>Employment Eligibility Verification</b>	52.222-54	
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(Applicable in subcontract that is for commercial or noncommercial services (except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor

modifications), performed by the COTS provider, and are normally provided for that COTS item); or construction that has a value of more than \$3,000; and includes work performed in the United States

<b>Hazardous Material Identification and Material Safety Data</b> (Applicable if this ORDER involves hazardous material)	52.223-3	
<b>Notice of Radioactive Materials</b> (Applicable to Work containing covered radioactive material. In the blank, insert "30".)	52.223-7	
<b>Hazard Warning Labels</b> (Applicable if this ORDER requires the delivery of hazardous materials)		252.223-7001
<b>Prohibition on Storage and disposal of Toxic and Hazardous Materials</b> (Applicable if the Work was manufactured with or contains ozone-depleting substances)		252.223-7006
<b>Ozone-Depleting Substances</b> (Applicable if ORDER requires performance on a DoD installation.)	52.223-11	
<b>Certification of Toxic Chemical Release Reporting</b> (Applicable to non-commercial items if the ORDER is expected to exceed \$100,000.)	52.223-13	
<b>Buy American Act – Supplies</b> (Applicable if the Work contains other than domestic components)	52.225-1	
<b>Trade Agreements</b> (Applicable if the Work contains other than U.S. Made, designated country, Caribbean or NAFTA country end products)	52.225-5	
<b>Duty Free Entry</b> (Applicable if supplies will be imported into Customs Territory of the United States)	52.225-8	
<b>Buy American Act and Balance of Payments Program</b> (Applicable if the Work contains other than domestic components. Applicable in lieu of FAR 52.225-1 and FAR 52.225-5.)		252.225-7001
<b>Duty Free Entry</b> (Applicable to qualifying country components and to non-qualifying country components where duty is expected to exceed \$200 per unit.)		252.225-7013
<b>Preference for Domestic Specialty Metals</b> (Applicable if the Work to be furnished contains Specialty Metals.)		252.225-7014*
<b>Trade Agreements</b> (Applicable if the Work contains other than domestic components. Applicable in lieu of FAR 52.225-1 and FAR 52.225-5.)		252.225-7021
<b>Authorization and Consent</b> (Applicable only if the Prime Contract contains this clause)	52.227-1	
<b>Notice and Assistance Regarding Patent and Copyright Infringement</b>	52.227-2	
<b>Refund of Royalties</b> (Applicable when reported royalty exceeds \$250.00)	52.227-9	

**APPLICABLE TO ORDER AS INDICATED IN NOTES (continued)**

<u>Clause Title</u>	<u>FAR Reference</u>	<u>DFARS Reference</u>
<b>Filing of Patent Applications-Classified Subject Matter</b> (Applicable if the Work or any patent application may cover classified subject matter)	52.227-10	
<b>Patent Rights-Retention by the Contractor (Short Form)</b> (Applicable if this ORDER includes, at any tier, experimental, developmental, or research Work and SELLER is a small business concern or domestic nonprofit organization. Reports required by this clause shall be filed with the Government agency identified in the ORDER.)	52.227-11	
<b>Patent Rights-Retention by the Contractor (Long Form)</b> (Applicable if this ORDER includes, at any tier, experimental, developmental, or research Work and SELLER is a large business concern. Reports required by this clause shall be filed with the Government agency identified in this ORDER. If no Government agency is identified, contact the DERCO)	52.227-12	

Buyer identified on the face of this ORDER)		
<b>Patent Rights – Acquisition by the Government</b>	52.227-13	
(Applicable to all subcontracts at any tier for experimental, developmental, or research work.)		
<b>Rights in Data</b>	52.227-14	
(Applicable to this ORDER is data will be produced, furnished, or acquired under the ORDER.)		
<b>Commercial Computer Software-Restricted Rights</b>	52.227-19	
(Applicable only if existing computer software is to be delivered under this ORDER.)		
<b>Technical Data – Commercial Items</b>		252.227-7015
(Applicable if technical data is to be delivered under this Order)		
<b>Insurance – Work on a Government Installation</b>	52.228-5	
(Applicable if this ORDER involves Work on a Government installation.)		
<b>Cost Accounting Standards</b>	52.230-2	
(When referenced in this ORDER, full CAS coverage applies. “United States” means “United States or DERCO.” Delete paragraph (b) of this clause.)		
<b>Disclosure and Consistency of Cost Accounting Practices</b>	52.230-3	
(When referenced in this ORDER, modified CAS coverage applies. “United States” means “United States or DERCO.” Delete paragraph (b) of the clause.)		
<b>Administration of Cost Accounting Standards</b>	52.230-6	
(Applicable if FAR 52.230-2 or FAR 52.230-3 applies.)		
<b>Protest After Award</b>	52.233-3	
(If DERCO’s customer directs DERCO to stop performance of the Work under the Prime Contract under which this ORDER is issued pursuant to FAR 33.1, DERCO may, by written order to SELLER, direct SELLER to stop performance of the Work called for by this ORDER. “30 days” means “20 days” in paragraph (b) (2).)		
<b>Protection of Government Buildings, Equipment and Vegetation</b>	52.237-2	
(Applicable if Work is performed on a Government installation.)		
<b>Change Order Accounting</b>	52.243-6	
(Applicable if the Prime Contract requires Change Order Accounting)		
<b>Subcontracts for Commercial Items and Commercial Components</b>		252.244-7000
(Applicable in SELLER’s subcontract at any tier that contain the clauses 252.225-7014, Preference for Domestic Specialty Metals, Alternate 1; 252.247-7023, Transportation of Supplies by Sea; or, 252.247-7024, Notification of Transportation of Supplies by Sea.)		
<b>Government Property (Fixed-Price Contracts)</b>	52.245-2	
(Applicable if Government property is furnished in the performance of this ORDER. Except for paragraphs (i) and (j) DERCO applies except in the phrases “Government property,” “Government-furnished property,” and in references to title to property. The following is added as paragraph (m). “SELLER shall provide to DERCO immediate notice of any disapproval, withdrawal of approval, or nonacceptance by the Government of property control system.” Disposition of property under paragraphs (i) and (j) shall be coordinated with DERCO.)		
<b>Special Tooling</b>	52.245-17	
(Applicable if this ORDER involves the use of Special Tooling)		
<b>Special Test Equipment</b>	52.245-18	
(Applicable if this ORDER involves the acquisition of fabrication of Special Test Equipment)		
<b>Reports of Government Property</b>		252.245-7001
(Applicable if government Property is provided or acquired under this ORDER. SELLER shall submit its required reports to DERCO.)		
<b>Preference for U.S.-Flag Air Carriers</b>	52.247-63	
(Applicable if this ORDER involves international air transportation.)		

**APPLICABLE TO ORDER AS INDICATED IN NOTES (continued)**

<u>Clause Title</u>	<u>FAR Reference</u>	<u>DFARS Reference</u>
<b>Transportation of Supplies by Sea</b> (Applicable in lieu of FAR 52.247-64 in all ORDERS for ocean transportation of supplies. In the first sentence of paragraph (g), insert a period after “Contractor” and delete the balance of the sentence. Paragraph (f) and (g) shall not apply if this ORDER is at or below \$100,000.00.)		252.247-7023
<b>Notification of Transportation of Supplies by Sea</b> (Applicable if this ORDER meets the criteria set forth in paragraph (b) (2) (ii) of the clause.)		252.247-7024

**CERTIFICATIONS AND REPRESENTATIONS**

The following certifications and representations are material representations of fact that DERCO will rely on in making awards to the SELLER. By submitting its written offer, or providing oral offers/quotations at the request of DERCO, or accepting any ORDER, SELLER certifies to the representations and certifications as set forth below. These certifications shall apply whenever these terms and conditions are incorporated by reference in any ORDER, Agreement, other contractual document, or any quotation, request for quotation (oral or written), request for proposal or solicitation (oral or written), issued by DERCO. SELLER shall immediately notify DERCO of any change of status regarding these certifications and representations.

**Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions** (Applicable to solicitations and ORDERS exceeding \$100,000.00.) 52.203-11

- (1) The definitions and prohibitions contained in the clause at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions are hereby incorporated by reference in paragraph (B) of this certification.
- (2) SELLER certifies that to the best of its knowledge and belief that on and after December 23, 1989—
  - a. No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the warding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement;
  - b. If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with a solicitation or order, the offeror shall complete and submit, with its offer, OMB standard form LLL, Disclosure of Lobbying Activities, in accordance with its instructions, and
  - c. SELLER will include the language of this certification in all subcontracts at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.
- (3) Submission of this certification and disclosure is a prerequisite for making or entering into an ORDER as imposed by section 1352, title 31, United States Code. Any person who makes expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

**Certification Regarding Debarment, suspension, Proposed Debarment And Other Responsibility Matters** 52.209-5

- (1) SELLER certifies that, to the best of its knowledge and belief, that SELLER and/or any of its Principals, (as defined in FAR 52.209-5) are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by an Federal agency.
- (2) SELLER shall provide immediate written notice to DERCO if, any time prior to award of an ORDER, it learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

**Previous Contracts and Compliance Reports**

52.222-22

Seller represents that if SELLER has participated in a previous contract or subcontract subject to the Equal Opportunity clause (FAR 52.222-26) (i) SELLER has filed all required compliance reports and (ii) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

**CERTIFICATIONS AND REPRESENTATIONS (continued)**

**Affirmative Action Compliance**

52.222-25

SELLER represents (1) that SELLER has developed and has on file at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (2) that in the event such a program does not presently exist, SELLER will develop and place in operation such a written Affirmative Action Compliance Program within 120 days from the Award of this ORDER.

**Certification of Toxic Chemical Release Reporting**

52.223-13

(Applicable to competitive solicitations/contracts with exceed \$100,000)

- (1) Submission of this certification is a prerequisite for making or entering into this ORDER imposed by Executive Order 12969, August 8, 1995.
- (2) SELLER certifies that –
  - a. As the owner or operator of facilities that will be used in the performance of this ORDER that are subject to the filing and reporting requirements described in section 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11023) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13106), SELLER will file and continue to file for such facilities for the life of the ORDER the Toxic Chemical Release Inventory Form (Form R) as described in sections 313 (a) and (g) of EPCRA and section 6607 of PPA; or
  - b. None of its owned or operated facilities to be used in the performance of this ORDER is subject to the Form R filing and reporting requirements because each such facility is exempt for at least one of the following reasons:
    - i. The facility does not manufacture, process or otherwise use any toxic chemicals listed in 40 CFR 372.65.
    - ii. The facility does not have 10 or more full-time employees as specified in section 313(b)(1)(A) of EPCRA, 42 U.S.C. 11023 (b) (1) (A);
    - iii. The facility does not meet the reporting thresholds of toxic chemicals established under section 313 (f) of EPCRA, 42 U.S.C. 11023 (f) (including the alternate thresholds at 40 CFR 372.27, provided an appropriate certification form has been filed with EPA);
    - iv. The facility does not fall within Standard Industrial Classification Code (SIC) codes or their corresponding North American Industry Classification system (NAICS):
      - (A) Major group code 10 (except 1011, 1081, and 1094).
      - (B) Major group code 12 (except 1241).
      - (C) Major group codes 20 through 39
      - (D) Industry code 4911, 4931, or 4939 (limited to facilities that combust coal and/or oil for the purpose of generating power for distribution in commerce).
      - (E) Industry code 4953 (limited to facilities regulated under the Resource Conservation and Recovery Act, Subtitle C (42 U.S.C. 6921, et seq.), 5169, 5171, or 7389 (limited to facilities primarily engaged in solvent recovery services on a contract or fee basis; or
    - v. The facility is not located in the United States or its outlying areas.