# Comparison of Encryption and Category 4 Controls and License Exceptions

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| ENCRYPTION | CYBERSECURITY - Category 4 |
|---|---|
| "Encryption" not controlled; items "designed or modified to use cryptography" controlled. | "Intrusion software" not controlled; items "specially designed" or modified for the generation, command and control, or delivery of "intrusion software" controlled. |
| Items excluded from control based on:<br><br>1) "primary function" of item<br><br>2) use of cryptography (e.g., authentication)<br><br>3) mass market criteria / product carve-outs (e.g., PAN, banking, etc.). | Technology excluded from control based on:<br><br>1) "vulnerability disclosure"<br><br>2) "cyber incident response." |
| License Exception ENC<br><br>Authorizes exports to:<br><br>1) U.S. subsidiaries<br><br>2) private sector end users HQ'd in Supp. 3 countries for internal development<br><br>3) private sector end users HQ'd in Supp. 3 countries if all parties are subsidiaries of same parent company.<br><br>Authorizes exports after self-classification or classification by BIS of most items to government and non-government end users.<br><br>Reporting required for certain items/exports. | License Exception ACE<br><br>Defines "favorable treatment cybersecurity end users:"<br><br>1) U.S. subsidiaries<br><br>2) banking and financial services providers<br><br>3) insurance companies<br><br>4) civil health and medical institutions.<br><br>Authorizes exports to "government end users" not in countries in D:1, D:2, D:3, D:4 and D:5.<br><br>Authorizes exports to non-government "favorable treatment" end users not in country groups D:1 or D:5.<br><br>Authorizes exports of Cat 4 items to non-government end users in country groups D:1 or D:5 for vulnerability disclosure or cyber incident response.<br><br>Authorizes exports to A:6 countries in certain circumstances to "favorable treatment" end users and for prosecutions of cybersecurity incidents.<br><br>No reporting required. |

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| License required for exports to:<br><br>1) sensitive government end users in non-Supp. 3 of network infrastructure<br><br>2) government end users in non-Supp 3 countries of certain items<br><br>3) 5E002 technology to D:1 countries<br><br>4) E:1/E:2. | License required for exports:<br><br>1) to "Government end users" in D:1, D:2, D:3, D:4 and D:5<br><br>2) to non-government end users in D:1 or D:5.<br><br>3) To E:1/E:2<br><br>4) If exporter knows the item will be used to affect information system without authorization from the owner/operator. |