

**SUBPART 217.4--LEADER COMPANY CONTRACTING**

*(Revised October 01, 1998)*

**217.401 General.**

(1) When leader company contracting is to be considered, take special effort to select a small disadvantaged business (SDB) concern as the follower company if—

(i) The follower company will be a subcontractor; or

(ii) The follower company will be a prime contractor and the Standard Industrial Classification (SIC) Major Group of the acquisition is one in which use of a price evaluation adjustment is currently authorized (see FAR 19.201(b)).

(2) If the follower company will be a subcontractor, of if a price evaluation adjustment in the SIC Major Group is authorized, and an SDB is not selected as the follower company, the contracting officer shall document the contract file to reflect—

(i) The extent of actions taken to identify SDB concerns for participation in the acquisition; and

(ii) The rationale for selection of a non-SDB as the follower company.