

is, therefore, not deemed "significant" under Executive Order 12866.

#### *Regulatory Flexibility Act*

It is hereby certified that this interim rule will not have significant economic impact on a substantial number of small entities. This rule affects only Federal employees and their immediate families.

#### *Paperwork Reduction Act*

It is hereby certified that the Paperwork Reduction Act (44 U.S.C. chapter 35) does not apply because this regulation does not contain any information collection requirements that require the approval of the Office of Management and Budget.

#### **List of Subjects**

##### *5 CFR Part 4101*

Conflicts of interests, Government employees.

##### *12 CFR Part 601*

Conflict of interests.

Dated: May 10, 1995.

#### **Floyd Fithian,**

*Secretary, Farm Credit Administration.*

Approved: May 30, 1995.

#### **Stephen D. Potts,**

*Director, Office of Government Ethics.*

For the reasons set forth in the preamble, the Farm Credit Administration, with the concurrence of the Office of Government Ethics, is amending title 5 of the Code of Federal Regulations and part 601 of chapter VI, title 12, of the Code of Federal Regulations to read as follows:

#### **Title 5—[Amended]**

1. A new chapter XXXI, consisting of part 4101, is added to title 5 of the Code of Federal Regulations to read as follows:

#### **CHAPTER XXXI—FARM CREDIT ADMINISTRATION**

#### **PART 4101—SUPPLEMENTAL STANDARDS OF ETHICAL CONDUCT FOR EMPLOYEES OF THE FARM CREDIT ADMINISTRATION**

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- 4101.101 General.
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- 4101.105 Purchase of System institution assets.
- 4101.106 Restrictions arising from the employment of relatives.
- 4101.107 Involvement in System institution board member elections.
- 4101.108 Outside employment and business activity.
- 4101.109 Waivers.

**Authority:** 5 U.S.C. 7301, 7353; 5 U.S.C. App. (Ethics in Government Act of 1978); 12 U.S.C. 2245(c)(2)(C), 2252; E.O. 12674, 3 CFR, 1989 Comp., p. 215, as modified by E.O. 12731, 3 CFR, 1990 Comp., p. 306; 5 CFR 2635.105, 2635.403(a), 2635.502, 2635.702, 2635.802(a), 2635.803.

#### **§ 4101.101 General.**

In accordance with 5 CFR 2635.105, the regulations in this part apply to Farm Credit Administration (FCA) employees and supplement the Standards of Ethical Conduct for Employees of the executive branch contained in 5 CFR part 2635. Employees are required to comply with 5 CFR part 2635, this part, and Agency guidance and procedures established pursuant to 5 CFR 2635.105.

#### **§ 4101.102 Definitions.**

For purposes of this part:

(a) *Covered employee* means:

- (1) Examiners; and
- (2) Any other employee specified by FCA directive whose duties and responsibilities require application of these supplemental regulations to ensure public confidence that the FCA's programs are conducted impartially and objectively. The FCA Designated Agency Ethics Official (DAEO) or his or her designee, in consultation with the Office Directors, will determine which employees are covered for the purpose of this part.

(b) *Related entity* means:

- (1) Affiliates defined in section 8.5(e) of the Farm Credit Act of 1971, as amended (Act), 12 U.S.C. 2001 *et seq.*, 12 U.S.C. 2279aa-5;
- (2) Affiliates defined in section 8.11(e) of the Act, 12 U.S.C. 2279aa-11;
- (3) Service organizations authorized by section 4.25 of the Act, 12 U.S.C. 2211; and
- (4) Any other entity owned or controlled by one or more Farm Credit System (System) institution that is not chartered by the FCA.

(c) *System institution* refers to:

- (1) All institutions chartered and regulated by the FCA as described in section 1.2 of the Act, 12 U.S.C. 2002;
- (2) The Federal Farm Credit Banks Funding Corporation, established pursuant to section 4.9 of the Act, 12 U.S.C. 2160; and
- (3) The Federal Agricultural Mortgage Corporation, established pursuant to section 8.1 of the Act, 12 U.S.C. 2279aa-1.

#### **§ 4101.103 Prohibited financial interests.**

(a) *Prohibition.* Except as provided in paragraph (c) of this section and § 4101.109, no covered employee, or spouse or minor child of a covered employee, shall own, directly or

indirectly, securities issued by a System institution or related entity.

(b) *Definition of securities.* For purposes of this section, the term "securities" includes all interests in debt or equity instruments. The term includes, without limitation, secured and unsecured bonds, debentures, notes, securitized assets and commercial paper, as well as all types of preferred and common stock. The term encompasses both current and contingent ownership interests, including any beneficial or legal interest derived from a trust. It extends to any right to acquire or dispose of any long and short position in such securities and includes, without limitation, interests convertible into such securities, as well as options, rights, warrants, puts, calls, and straddles relating to such securities.

(c) *Exceptions.* Nothing in this section prohibits a covered employee, or spouse or minor child of a covered employee, from:

(1) Investing in a publicly traded or publicly available investment fund which, in its prospectus, does not indicate the objective or practice of concentrating its investments in the securities of System institutions or related entities, and the employee neither exercises control over nor has the ability to exercise control over the financial interests held in the fund;

(2) Having a legal or beneficial interest in a qualified profit sharing, retirement, or similar plan, provided that the plan does not invest more than 25 percent of its funds in securities of System institutions or related entities, and the employee neither exercises control over nor has the ability to exercise control over the financial interests held in the plan;

(3) Owning securities of System institutions held as a result of pre-existing credit, as specified in § 4101.104(b); or

(4) Owning any security pursuant to a waiver granted under § 4101.109.

#### **§ 4101.104 Prohibited borrowing.**

(a) *Prohibition on employee borrowing.* Except as provided in paragraph (b) of this section, no covered employee, or spouse or minor child of a covered employee, shall seek or obtain any loan or extension of credit from a System institution or from an officer, director, employee, or related entity of a System institution.

(b) *Exception.* This section does not prohibit a covered employee, or spouse or minor child of a covered employee, from retaining a loan from a System institution on its original terms if the loan was obtained prior to appointment