

(4) Changes in holdings, other than by purchase, which do not affect disqualification, such as those resulting from the automatic reinvestment of dividends, stock splits, stock dividends or reclassifications, may be reported on the annual statement rather than when notification of the transaction is received. But, the acquisition of holdings by, for example, gifts, inheritance or spin-offs, which may result in additional disqualifications pursuant to Rule 6 of this section, 17 CFR 200.735-6, and 18 U.S.C. 208 shall be reported within five days of the receipt of the notice of the change in holdings.

(n) At the time of taking the oath of office, or prior thereto if requested by the Director of Personnel, a new member or employee shall provide to the Office of Personnel, as requested, information relating to—

(1) Securities owned by or held for the benefit of him or her, or his or her spouse or unemancipated minor child, or a member of his or her immediate household, or by any trust or estate of which he or she is a trustee or other fiduciary or beneficiary, or by any person for whom he or she effects transactions under a power of attorney or otherwise;

(2) Accounts with securities firms;

(3) Close relatives (i.e. children, parents, grandparents, siblings, aunts, uncles, or like relations of a spouse), who are partners or officers of securities firms, investment advisers, or registered public utility holding companies or their affiliates;

(4) The holding of office in or being a director of any company which has public security holders; and

(5) Such other information as may be required by the Director of Personnel.

Employees are required to advise the Office of Personnel of changes in the foregoing information within ten business days of the time the new information is learned.

(o) Paragraphs (b), (m), and (n) of this section do not apply to personal notes, individual real estate mortgages, securities issued by the U.S. Government or its agencies, and securities issued by building and loan associations or cooperatives.

(p) Any member or employee who is a trustee or other fiduciary or a bene-

ficiary of a trust or estate holding securities not exempted by paragraph (o) of this section, shall report the existence and nature of such trust or estate to the Director of Personnel. The transactions of such trust or estate, which is not a qualified blind trust, shall be subject to all the provisions of this section except if the member or employee did not create the trust, is solely a beneficiary, has no power to control, and does not in fact control or advise with respect to the investments of the trust or estate, unless the Commission shall otherwise direct in view of the circumstances of the particular case.

(q) The Director of Personnel, or his designee, is authorized to require the disposition of securities acquired as a result of a violation of the provisions of this section, whether unintentional or not. Repeated violations shall be reported to the Commission for appropriate action.

(r) Any member or employee who believes that the application of any of the provisions of this rule will result in undue hardship in a particular case may make a written application to the Commission (through the Director of Personnel) setting out, in detail, the reasons for that belief and requesting a waiver. However, as a matter of policy the Commission favors a strict interpretation of the provisions of this rule.

[53 FR 18553, May 24, 1988, as amended at 59 FR 43464, Aug. 24, 1994; 60 FR 52626, Oct. 10, 1995]

§ 200.735-6 Action in case of personal interest.

Any employee assigned to work on any application, filing or matter of a company (a) in which he or she or his or her spouse or his or her minor unemancipated child then owns any securities or has a personal interest, including a continuing financial interest in a pension or retirement plan, shared income, or other arrangement, as a result of any current or prior employment or business or professional association; or (b) with which he or she has been employed or associated in the past 5 years; or (c) which was a client of a firm with which he or she had been associated, shall immediately advise his or her Division Director or other

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Office Head or Regional Administrator of the fact. Division Directors, Office Heads and Regional Administrators are authorized to direct the reporting employee to continue with the assignment in question where this appears in the interest of the Government, taking into account (1) the prohibitions stated in § 200.735-3(b) (7) and (8); (2) the general desirability of avoiding situations that require a question of conflict of interest to be resolved; (3) the extent to which the employee's activities will be supervised; and (4) the difficulty of assigning the matter to some other employee. Where the employee in question is not relieved of the assignment, his or her written report concerning the nature of his or her interest shall be forwarded to the Director of Personnel with a notation that he or she has been directed to continue the assignment, together with such explanation, if any, as may seem appropriate. In the event that a Division Director, Office Head or Regional Administrator deems that he or she has, himself or herself, such a personal interest in an application, filing or matter of a company as may raise a question as to his or her disinterestedness, he or she may delegate his or her responsibility with regard thereto to a subordinate, but in that event shall submit a brief memorandum of the circumstances to the Director of Personnel.¹⁸

[45 FR 36064, May 29, 1980; 45 FR 40975, June 17, 1980]

¹⁸ 18 U.S.C. 208, provides among other things, that a member or employee is prohibited from participating personally and substantially in any matter in which to his knowledge, he, his spouse, minor child, partner, organization in which he is serving as an officer, director, trustee, partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest. This section (of the Criminal Code) does not apply if the employee has received a written determination made by an authorized official that the interest is not so substantial as to be deemed likely to affect the integrity of the employee's service. Note: Members of the Commission may follow the procedural provision contained in Part V, Section 503 of the Executive Order 11222.

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§ 200.735-7 Negotiation for employment.

(a) An employee may not negotiate employment with anyone outside the Commission with whom he or she is personally transacting business in any matter on behalf of the Commission or the United States, or while he or she is immediately or personally engaged in representing the Commission in any matter in which the prospective employer is a participant or witness or counsel for such a person, whether or not such a person takes a substantive position in an adversary proceeding in opposition to the Commission's position.

(b) An employee who wishes to negotiate employment with another Government agency at a time when he or she is representing the Commission in a particular matter in which the other Government agency is taking a position adverse to the Commission should disclose this intention to his or her Division Director, Office Head or Regional Administrator prior to taking any action.

(c) No employee shall undertake to act personally on behalf of the Commission in any capacity in a matter¹⁹ that, to his or her knowledge, affects even indirectly any person or organization outside the Commission with whom he or she is discussing or entertaining any proposal for future employment, except pursuant to the direction of the Commission, his or her Division Director, Office Head, or Regional Administrator, as provided in § 200.735-6. See footnote 18.

§ 200.735-8 Practice by former members and employees of the Commission.

(a)(1) No person shall appear in a representative capacity before the Commission in a particular matter if such person, or one participating with him or her in the particular matter, participated personally and substantially in that matter while he or she was a

¹⁹ Employees should bear in mind that in this connection the word *matter* is construed very broadly. See 200.735-8 and footnote 20, thereto, *infra*.