

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

Sec.

- 4101.101 General.
- 4101.102 Definitions.
- 4101.103 Prohibited financial interests.
- 4101.104 Prohibited borrowing.
- 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.

SOURCE: 60 FR 30781, June 12, 1995, unless otherwise noted.

§ 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:

§4101.104

(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 to a covered employee position. For loans retained pursuant to this paragraph, a covered employee shall submit to his or her immediate supervisor, the ethics liaison in his or her office, and the DAEO, a written disqualification from examining, auditing, visiting, reviewing, investigating, or otherwise participating in the supervision of the System institution that is providing the retained credit. Written disqualification shall be made within 30 days of appointment to a covered employee position on a form prescribed by the DAEO. Any renewal or renegotiation of a pre-existing loan or extension of credit will be treated as a new loan

5 CFR Ch. XXXI (1–1–05 Edition)

subject to the prohibition in paragraph (a) of this section.

§4101.105 Purchase of System institution assets.

(a) *Prohibition on purchasing assets owned by a System institution.* No covered employee, or spouse or minor child of a covered employee, shall purchase, directly or indirectly, an asset (such as real property, vehicles, furniture, or similar items) from a System institution or related entity, unless it is sold at a public auction or by other means which assure that the selling price is the asset's fair market value. A covered employee shall obtain concurrence from the DAEO about whether a proposed purchase of a System institution asset is proper.

(b) *Assets held or managed by the Farm Credit System Insurance Corporation or a receiver or conservator—(1) Prohibition on purchase.* No covered employee, or spouse or minor child of a covered employee, shall purchase, directly or indirectly, an asset (such as real property, vehicles, furniture, or similar items) that is held or managed by a receiver or conservator for a System institution or that is held by the Farm Credit System Insurance Corporation (Corporation) as a result of its provision of open bank assistance to troubled System banks regardless of how the asset is sold.

(2) *Disqualification.* A covered employee who is involved in the disposition of receivership or conservatorship assets, or assets acquired by the Corporation as a result of its provision of open bank assistance to troubled System banks, shall disqualify himself or herself from participation in the disposition of such assets when the employee becomes aware that anyone with whom the employee has a covered relationship, as defined in §2635.502(b)(1) of the Executive Branch-wide Standards, is or will be attempting to acquire such assets. The employee shall provide written notification of the disqualification to his or her immediate supervisor, the ethics liaison in his or her office, and the DAEO.