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PART 3201—SUPPLEMENTAL STANDARDS OF ETHICAL CONDUCT FOR EMPLOYEES OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

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SOURCE: 60 FR 20174, Apr. 25, 1995, unless otherwise noted.

§ 3201.101 General.

(a) *Purpose*. The regulations in this part apply to employees of the Federal Deposit Insurance Corporation (Corporation) and supplement the Standards of Ethical Conduct for Employees of the Executive Branch contained in 5 CFR part 2635. Where specified, these regulations also apply to the Comptroller of the Currency and the Director of the Office of Thrift Supervision in connection with their activities as members of the Corporation's Board of Directors.

(b) *Corporation ethics officials*. The Executive Secretary of the Corporation shall act as the Corporation's Ethics Counselor and as its Designated Agency Ethics Official under 5 CFR part 2638. The Ethics Program Manager shall act as the Corporation's Alternate Ethics Counselor and as the Alternate Agency Ethics Official.

(1) The Ethics Counselor or Alternate Ethics Counselor may delegate authority to one or more employees to serve as Deputy Ethics Counselors.

(2) The delegation to a Deputy Ethics Counselor shall be in writing and cannot be redelegated.

(c) *Agency designees*. The Ethics Counselor and Alternate Ethics Counselor shall serve as the agency designees for purposes of making the determinations, granting the approvals, and taking other actions required by an agency designee under part 2635 and this part. The Ethics Counselor or Alternate Ethics Counselor may delegate authority to Deputy Ethics Counselors or to other employees to serve as agency designees for specified purposes. The delegation to any agency designee shall be in writing and cannot be redelegated.

(d) *Definitions*. For purposes of this part, the following definitions apply:

(1) *Affiliate*, as defined in 12 U.S.C. 1841(k), means any company that controls, is controlled by, or is under common control with another company.

(2) *Appropriate director* means the head of a Washington office or division or the highest ranking official assigned to a regional office in each division or the Ethics Counselor.

(3) *Covered employee* means:

(i) Members of the FDIC Board of Directors and any employee required to file a public or confidential financial disclosure under 5 CFR part 2634 who holds a position immediately subordinate to such Board member;

(ii) The director of any Washington division or office and the director of any regional office, and any employee required to file a public or confidential financial disclosure report under 5 CFR part 2634 who holds a position immediately subordinate to such director;

(iii) An FDIC examiner;

(iv) Any other FDIC employee whose duties and responsibilities include the examination of or the participation in the examination of any financial institution;

(v) Any other FDIC employee whose duties and responsibilities, as determined by the Chairman or Ethics Counselor after notice to the employee,

require application of the prohibition on borrowing contained in § 3201.102 to ensure public confidence that the FDIC's programs are conducted impartially and objectively.

(4) *Employee* means an officer or employee, other than a special Government employee, of the Corporation, including a member of the Board of Directors appointed under the authority of 12 U.S.C. 1812(a)(1)(C). For purposes of 5 CFR part 2635 and §§ 3201.103 and 3201.104, employee includes any individual who, pursuant to a contract or any other arrangement, performs functions or activities of the Corporation, under the direct supervision of an officer or employee of the Corporation.

(5) *Ethics Counselor* means an officer or employee who is designated by the head of the agency to coordinate and manage the agency's ethics program, and includes the Corporation's Alternate Ethics Counselor.

(6) *Security* includes an interest in debt or equity instruments. The term includes, without limitation, a secured or unsecured bond, debenture, note, securitized assets, commercial paper, and all types of preferred and common stock. The term includes an interest or right in a security, whether current or contingent, a beneficial or legal interest derived from a trust, the right to acquire or dispose of any long or short position, an interest convertible into a security, and an option, right, warrant, put, or call with respect to a security. The term security does not include a deposit account.

(7) *State nonmember bank* means any State bank as defined in 12 U.S.C. 1813(e) that is not a member of the Federal Reserve System.

(8) *Subsidiary*, as defined in 12 U.S.C. 1813(w), means any company that is owned or controlled directly or indirectly by another company.

[60 FR 20174, Apr. 25, 1995, as amended at 67 FR 71070, Nov. 29, 2002; 72 FR 19378, Apr. 18, 2007]

§ 3201.102 Extensions of credit and loans from FDIC-insured institutions.

(a) *Credit subject to this section.* The prohibition, disqualification, and retention provisions of this section apply to a current or contingent financial obligation of the employee. For purposes of this section, a current or contingent financial obligation of an employee's spouse or minor child is considered to be an obligation of the employee.

(b) *Disqualification applicable to FDIC employees generally.* Except as provided in this section:

(1) No FDIC employee may participate in an examination, audit, visitation, review, or investigation, or any other particular matter involving an FDIC-insured institution, subsidiary or other person with whom the employee has an outstanding extension of credit.

(2) For employees, other than covered employees as defined in § 3201.101(d)(3), disqualification is not required if the credit was extended through the use of a credit card on the same terms and conditions as are offered to the general public.

(3) The Comptroller of the Currency and the Director of the Office of Thrift Supervision shall be disqualified from any matter pending before the FDIC Board of Directors to the same extent as an FDIC employee subject to paragraph (c) of this section.

(c) *Prohibited borrowing by covered employees*—(1) *Prohibition on covered employee borrowing.* Except as provided below, no covered employee shall, directly or indirectly, accept or become obligated on a loan or extension of credit, whether current or contingent, from any FDIC-insured State nonmember bank or its subsidiary or from an officer, director, or employee, of any FDIC-insured State nonmember bank or its subsidiary.

(2) *Exceptions:* (i) *Credit cards.* A covered employee (or spouse or minor child of a covered employee) may obtain and hold a credit card account established under an open end consumer credit plan and issued by an FDIC-insured State nonmember bank or its subsidiary subject to the following conditions:

(A) The cardholder must satisfy all financial requirements for the credit card account that are generally applicable to all applicants for the same type of credit card account; and

(B) The terms and conditions applicable with respect to the account and any credit extended to the cardholder under

the account are no more favorable generally to the cardholder than the terms and conditions that are generally applicable to credit card accounts offered by the same bank (or the same subsidiary) to other cardholders in comparable circumstances under open end consumer credit plans.

(ii) *Loans secured primarily by principal residence.* A covered employee (or a spouse or minor child of a covered employee) may obtain and hold a loan from an FDIC-insured State nonmember bank or its subsidiary subject to the following conditions:

(A) The loan is secured by residential real property that is the principal residence of the borrower. The borrower may retain the loan if the residential real property ceases to be the principal residence. However, any subsequent renewal or renegotiation of the original terms of such a loan must meet the requirements of this paragraph;

(B) The borrower may not apply for the loan while the covered employee participates in any examination, the review of any application, or any other supervisory or regulatory or other particular matter directly affecting the State nonmember bank or its subsidiaries;

(C) The borrower must satisfy all financial requirements for the loan that are generally applicable to all applicants for the same type of residential real property loan; and

(D) The terms and conditions applicable with respect to the loan and any credit extended to the borrower under the loan are no more favorable generally to the borrower than the terms and conditions that are generally applicable to residential real property loans offered by the same State nonmember bank or the same subsidiary to other borrowers in comparable circumstances for residential real property loans.

(3) *Disqualification of covered employees.* A covered employee shall not participate in an examination, audit, visitation, review, or investigation, or other particular matter involving an FDIC-insured depository institution or other person with whom the covered employee has an outstanding extension of credit, or with whom the covered employee is negotiating an extension of credit.

(i) *Payment dispute, delinquency, or other significant matter concerning credit card debt.* Disqualification is not required if the credit is extended through the use of a credit card. However, disqualification will be required when a covered employee is delinquent on payments, has a billing dispute, is negotiating with the institution, or has any other significant issue regarding the credit card debt. The covered employee must notify his or her supervisor and deputy ethics counselor of a dispute in writing.

(ii) *Primary residence mortgage loan.* Disqualification will be required if the covered employee is negotiating for, has an application pending for, or enters into a primary residence mortgage loan. This disqualification will cease when the loan is sold, even if the loan originator retains the loan servicing.

(4) *Other limitations on covered employees.* (i) A covered employee shall not accept or become obligated on an otherwise permissible loan if the disqualification arising from the credit relationship would materially impair the covered employee's ability to participate in matters that are central to the performance of the covered employee's official duties, or if the covered employee has been advised of an assignment to handle a matter involving that institution.

(ii) Covered employees to whom the prohibitions in this section apply may not apply for a credit card or primary residence mortgage loan from a State nonmember bank or subsidiary that the covered employee is assigned to examine or participate in a matter involving that institution, or if such an assignment is imminent.

(5) *Pre-existing credit.* (i) This section does not prohibit a covered employee, or any FDIC employee who becomes a covered employee as a result of any reassignment of duties or position, from retaining a loan or extension of credit from a State nonmember bank or its subsidiary on its original terms if the loan or extension of credit was incurred prior to employment by the FDIC or as a result of the sale or transfer of a loan or credit to a State nonmember bank or its subsidiary or the

conversion or merger of the lender into a State nonmember bank or its subsidiary. Any renewal or renegotiation of a pre-existing loan or extension of credit will be treated as a new loan or extension of credit subject to the prohibitions at paragraphs (c)(3) and (c)(4) of this section.

(ii) A covered employee may request that an exception be made to the prohibitions to permit renegotiation of a pre-existing loan or extension of credit. If a covered employee would experience financial or other hardship unless allowed to renegotiate a pre-existing loan or extension of credit, the covered employee may submit a written request to his or her supervisor and to the Ethics Counselor, describing the reasons for renegotiation, the original and the proposed terms and conditions, including whether the financial institution makes such terms generally available to the public, and any attempts by the covered employee to move the loan to a non-prohibited source. After consideration of the request, the covered employee's supervisor and the Ethics Counselor jointly may grant the waiver upon a finding that renegotiation is not prohibited by law, and that the waiver does not result in a loss of impartiality or objectivity or in misuse of the employee's position. To be effective, the waiver must be in writing.

(d) *Two-year prohibition on acceptance of credit from an FDIC-insured depository institution.* An FDIC employee shall not, directly or indirectly, accept or become obligated on any extension of credit from an FDIC-insured depository institution or its subsidiary for a period of two years from the date of the employee's last personal and substantial participation in an audit, resolution, liquidation, assistance transactions, supervisory proceeding, or internal agency deliberation affecting that particular institution, its predecessor or successor, or any subsidiary of such institution. This prohibition does not apply to credit obtained through the use of a credit card or a residential real property loan secured by the principal residence of the employee, subject to the same conditions, limitations, disqualification, and waiver procedures applicable to covered employees under paragraphs (c) and (e) of this section.

(e) *Waiver.* The Ethics Counselor may grant a written waiver from any provision of this section based on a determination made with the advice and legal clearance of the Legal Division that the waiver is not inconsistent with part 2635 of this title or otherwise prohibited by law, and that, under the particular circumstances, application of the prohibition is not necessary to avoid the appearance of misuse of position or loss of impartiality, or otherwise to ensure confidence in the impartiality and objectivity with which the FDIC's programs are administered. A waiver under this paragraph may impose appropriate conditions, such as requiring execution of a written disqualification.

[72 FR 19378, Apr. 18, 2007]

§ 3201.103 Prohibition on acquisition, ownership, or control of securities of FDIC-insured depository institutions and certain holding companies.

(a) *Prohibition on acquisition, ownership, or control.* Except as provided in paragraph (b) of this section, no employee, spouse of an employee, or minor child of an employee may acquire, own, or control, directly or indirectly, a security of any of the following:

(1) A bank or savings association that is insured by the Federal Deposit Insurance Corporation (FDIC);

(2) A bank holding company that is subject to supervision by the Federal Reserve Board (FRB);

(3) A savings and loan holding company that is subject to supervision by the Office of Thrift Supervision (OTS);

(4) A financial holding company that is subject to FRB supervision; or

(5) A company that:

(i) Owns or controls an FDIC-insured bank or savings association;

(ii) Is neither an FRB-supervised bank holding company, an OTS-supervised savings and loan holding company, nor an FRB-supervised financial holding company; and

(iii) Is either primarily engaged in banking or not publicly traded on a U.S. securities exchange.

(b) *Exceptions*. Notwithstanding the prohibitions of paragraph (a) of this section, but subject to the limitations of paragraph (c) of this section, an employee, or the spouse or minor child of an employee, may do any or all of the following:

(1) Acquire, own, or control the securities of a unitary thrift holding company (*i.e.*, a savings and loan holding company that is subject to OTS supervision but whose principal business is neither banking nor activities closely related to banking);

(2) Own or control a security of an entity described in paragraph (a) of this section if the security was permitted to be retained by the employee under 12 CFR part 336 prior to May 25, 1995, was obtained prior to commencement of employment with the Corporation, or was acquired by a spouse prior to marriage to the employee;

(3) Own, or control a security of an entity described in paragraph (a) of this section if:

(i) The security was acquired by inheritance, gift, stock-split, involuntary stock dividend, merger, acquisition, or other change in corporate ownership, exercise of preemptive right, or otherwise without specific intent to acquire the security, or, by an employee's spouse or minor child as part of a compensation package in connection with his or her employment;

(ii) The employee makes full, written disclosure on FDIC form 2410/07 to the Ethics Counselor within 30 days of the commencement of employment or the acquisition of the interest; and

(iii) The employee is disqualified in accordance with 5 CFR part 2635, subpart D, from participating in any particular matter that affects his or her financial interests, or that of his or her spouse or minor child;

(4) Acquire, own, or control an interest in a publicly traded or publicly available investment fund provided that, upon initial or subsequent investment by the employee (excluding ordinary dividend reinvestment), the fund does not have invested, or indicate in its prospectus the intent to invest, more than 30 percent of its assets in the securities of one or more entities described in paragraph (a) of this section and the employee neither exercises control nor has the ability to exercise control over the financial interests held in the fund; and

(5) Use an FDIC-insured depository institution or an affiliate of an FDIC-insured depository institution as custodian or trustee of accounts containing tax-deferred retirement funds.

(c) *Divestiture*. Based upon a determination of substantial conflict under 5 CFR 2635.403(b), the Ethics Counselor may require an employee, or the spouse or minor child of an employee, to divest a security he or she is otherwise authorized to acquire, own, control, or use under paragraph (b) of this section.

(d) *Waiver*. The Ethics Counselor may grant a written waiver from any provision of this section based on a determination made with the advice and legal clearance of the Legal Division that the waiver is not inconsistent with part 2635 of this title or otherwise prohibited by law, and that, under the particular circumstances, application of the prohibition is not necessary to avoid the appearance of misuse of position or loss of impartiality, or otherwise to ensure confidence in the impartiality and objectivity with which the FDIC's programs are administered. A waiver under this paragraph may impose appropriate conditions, such as requiring execution of a written disqualification.

[72 FR 19380, Apr. 18, 2007]

§ 3201.104 Restrictions concerning the purchase of property held by the Corporation or the RTC as conservator, receiver, or liquidator of the assets of an insured depository institution, or by a bridge bank organized by the Corporation.

(a) *Prohibition on purchase of property*. An employee, and an employee's spouse or minor child shall not, directly or indirectly, purchase or acquire any property held or managed by the Corporation or the Resolution Trust Corporation (RTC) as conservator, receiver, or liquidator of the assets of an insured depository institution, or by a bridge bank organized by the Corporation, regardless of the method of disposition of the property.

(b) *Disqualification*. An employee who is involved in the disposition of assets held by the Corporation or the RTC as

conservator, receiver, or liquidator of the assets of an insured depository institution, or by a bridge bank organized by the Corporation shall not participate in the disposition of assets held in such capacities when the employee knows that any party with whom the employee has a covered relationship, as defined in 5 CFR 2635.502(b)(1), is or will be attempting to acquire such assets. The employee shall provide written notification of the disqualification to his or her immediate supervisor and the agency designee.

§ 3201.105 Prohibition on dealings with former employers, associates, and clients.

(a) An employee is prohibited for one year from the date of entry on duty with the Corporation from participating in a particular matter when an employer, or the successor to the employer, for whom the employee worked at any time during the one year preceding the employee's entrance on duty is a party or represents a party to the matter.

(b) For purposes of this section, the term *employer* means a person with whom the employee served as officer, director, trustee, general partner, agent, attorney, accountant, consultant, contractor, or employee.

(c) The one-year prohibition imposed by paragraph (a) of this section, and the one-year period preceding the employee's entrance on duty specified in paragraph (a) of this section, may each be extended in an individual case based on a written determination by the agency designee that, under the particular circumstances, the employee's participation in the particular matter would cause a reasonable person with knowledge of the facts to question his or her impartiality.

§ 3201.106 Employment of family members outside the Corporation.

(a) *Disqualification of employees.* An employee shall not participate in an examination, audit, investigation, application, contract, or other particular matter if the employer of the employee's spouse, child, parent, brother, sister, or a member of the employee's household is a party or represents a party to the matter, unless an agency designee authorizes the employee to participate using the standard in 5 CFR 2635.502(d).

(b) *Reporting certain relationships.* A covered employee shall make a written report to an agency designee within 30 days of the employment of the employee's spouse, child, parent, brother, sister, or a member of the employee's household by:

(1) An FDIC-insured depository institution or its affiliate;

(2) A firm or business with which, to the employee's knowledge, the Corporation has a contractual or other business or financial relationship; or

(3) A firm or business which, to the employee's knowledge, is seeking a business or contractual relationship with the Corporation.

§ 3201.107 Outside employment and other activities.

(a) *Prohibition on employment with FDIC-insured depository institutions.* An employee shall not provide service for compensation, in any capacity, to an FDIC-insured depository institution or an employee or person employed by or connected with such institution.

(b) *Use of professional licenses.* A covered employee who holds a license related to real estate, appraisals, securities, or insurance and whose official duties with the Corporation require personal and substantial involvement in matters related to, respectively, real estate, appraisal, securities, or insurance is prohibited from using such license, other than in the performance of his or her official duties, for the production of income. The appropriate director, in consultation with an agency designee, may grant exceptions to this prohibition based on a finding that the specific transactions which require use of the license will not create an appearance of loss of impartiality or use of public office for private gain.

(c) *Responsibility to consult with agency designee.* An employee who engages in, or intends to engage in, any outside employment or other activity that may require disqualification from the employee's official duties shall consult with an agency designee prior to engaging in or continuing to engage in the activity.

§ 3201.108 Related statutory and regulatory authorities.

(a) 18 U.S.C. 213, which prohibits an examiner from accepting a loan or gratuity from an FDIC-insured depository institution examined by him or her or from any person connected with such institution.

(b) 18 U.S.C. 1906, which prohibits disclosure of information from a bank examination report except as authorized by law.

(c) 17 CFR 240.10b–5 which prohibits the use of manipulative or deceptive devices in connection with the purchase or sale of any security.

(d) 18 U.S.C. 1909, which prohibits examiners from providing any service for compensation for any bank or person connected therewith.

§ 3201.109 Provisions of 5 CFR part 2635 not applicable to Corporation employees.

The following provisions of 5 CFR part 2635 are not applicable to employees of the Corporation:

(a) Because of the restrictions imposed by 18 U.S.C. 213 on examiners accepting loans or gratuities, an examiner in the Division of Supervision and Consumer Protection may not use any of the gift exceptions at 5 CFR 2635.204 to accept a gift from an FDIC-insured depository institution examined by him or her or from any person connected with such institution.

(b) Provisions of 41 U.S.C. 423 (Procurement integrity) and the implementing regulations at 48 CFR 3.104 (of the Federal Acquisition Regulation) applicable to procurement officials referred to in:

(1) 5 CFR 2635.202(c)(4)(iii);

(2) The note following 5 CFR 2635.203(b)(7);

(3) Example 5 following 5 CFR 2635.204(a);

(4) Examples 2 and 3 following 5 CFR 2635.703(b)(3);

(5) 5 CFR 2635.902(f), (h), (l), and (bb);

(c) Provisions of 31 U.S.C. 1353 (Acceptance of travel and related expenses from non-Federal sources) and the implementing regulations at 41 CFR part 304–1 (Acceptance of payment from a non-Federal source for travel expenses) referred to in 5 CFR 2635.203(b)(8)(i).

(d) Provisions of 41 CFR Chapter 101 (Federal Property Management Regulations) referred to in 5 CFR 2635.205(a)(4).

(e) Provisions of 41 CFR Chapter 201 (Federal Information Resources Management Regulation) referred to in Example 1 following 5 CFR 2635.704(b)(2).

[60 FR 20174, Apr. 25, 1995, as amended at 67 FR 71070, Nov. 29, 2002]