



Employee Conduct

Code of Conduct

The Board believes that the Reserve Banks should have rules on standards of conduct for employees, including officers, that emphasize the importance of maintaining high standards of honesty, integrity, and impartiality in order to ensure the proper performance of the Reserve Banks' business and the maintenance of confidence in the System. The rules should address the following topics:

- the obligation of each employee to avoid conflicts of interest through gifts, financial interests, or outside activities, such as other employment, that interfere with the performance of duty;
- the obligation of each employee to avoid action that might result in or create the appearance of using a position for private gain, giving preferential treatment, or losing independence or impartiality;
- the improper use of Bank property and the improper use or disclosure of information obtained through Bank employment;
- those matters addressed in the federal conflicts-of-interest statute (18 USC 208) and any other statute that addresses the conduct of Bank employees;
- the prohibition on the ownership of debt or equity interests of a depository institution, a primary government securities dealer, or their affiliates;
- the duty to report corruption, fraud, or violations of the code; and
- the duty to avoid conduct prejudicial to the System.

In the exercise of its oversight authority, the Board of Governors has reviewed the uniform code of conduct ("the code") developed by the Reserve Banks and finds that it addresses the topics set forth above. The Board believes that standards of conduct in these areas should be consistent throughout the Reserve Banks. Accordingly, in order to ensure such consistency, each Reserve Bank should adopt the code. Any amendments to the code proposed by the Reserve Banks should be provided to the Board for its consideration.

Each Reserve Bank should distribute the code to each of its employees. The Reserve Bank should also provide each of its employees with an annual written ethics reminder which generally describes the code, indicates where the employee can obtain a complete copy of the code, and encourages an employee to consult the appropriate Bank ethics official should the employee have any questions concerning the code or its applicability. In addition, the Reserve Banks should provide employees with ethics

training, including training on the principles set forth in the code, on an appropriate periodic basis.

The Reserve Banks should take steps to ensure that the code is administered consistently by the Reserve Banks. To that end, the Reserve Bank ethics officials and the Board's designated ethics official should determine an appropriate procedure for consulting on significant ethics issues of Systemwide interest.

Reporting Forms

In order to monitor compliance with the conflict-of-interest laws and policies applicable to Reserve Bank personnel, the Board believes that financial disclosure reports should be filed by--

- a. officers;
- b. any employee--
 1. whose duties and responsibilities require that he or she participate personally and substantially in any supervisory matter, examination, application, investigation, etc., concerning a depository institution or any affiliate or subsidiary of a depository institution;
 2. whose duties and responsibilities require that he or she participate personally and substantially through decision making or the exercise of significant judgment in taking action regarding contracting or procurement;
 3. who is a professional and has access to class I FOMC information; or
 4. who has authority to make an exception to established operating or internal control procedures; and
- c. any manager or supervisor in a valuables-handling area.

The Bank's ethics official may require any other Bank employee to file a report if the ethics official deems it necessary. Absent a request from the Bank's ethics official, however, a Bank employee who does not meet the filing criteria set forth above is not required to file a report.

Reports should be submitted at the time of employment and annually thereafter. Each report should request certain information regarding a filer's (and where appropriate the filer's spouse's and dependent children's) financial interests, outside employment, creditors, and family employment relationships. The specific information that each filer should be required to disclose can vary among the filers depending on a filer's official position. The Bank's ethics official may require a filer to disclose additional information if such information is necessary to resolve questions concerning the application of the conflict-of-interest laws or the code or to monitor compliance with such laws and policies.

In the exercise of its oversight authority, the Board has reviewed the financial-disclosure reports developed by the Reserve Banks and finds that they satisfy the requirements set forth above and that the varying levels of disclosure based on official responsibilities and duties are appropriate. Any substantive amendments to the financial-disclosure reports proposed by the Reserve Banks should be provided to the Board for its consideration.

The ethics official of each Reserve Bank, or the ethics official's designee, should review the reports of officers and employees and, after consultation with the Reserve Bank president, should report to the board of directors, or the chairman, or a committee thereof, any matters that in his or her opinion should be brought to their attention.

Internal Procedures

Each Reserve Bank should make certain that the following issues are addressed in internal operating procedures and/or guidelines:

- the obligation of an employee to avoid action that might result in or create the appearance of making decisions outside official channels; and
- the duty to handle subscriptions to notes, Treasury bills, certificates of indebtedness, and other government obligations filed directly with the Reserve Banks or through commercial banks, by directors, officers, or employees of the Reserve Bank in strict compliance with Treasury instructions and no more favorably than other subscriptions of the same class.

This policy statement was approved by the Board May 2, 1994.