share the commenter's view that the requirement could be onerous and unreasonable. Moreover, the Corporation's prior regulation at 12 CFR 336.23, containing a substantially identical reporting requirement, appears to have been implemented without unduly burdening employees.

Section 3201.107 Outside Employment and Other Activities

The Corporation did not adopt the suggestions of one employee and the trade association to tailor the application of the prohibition on outside employment with FDIC-insured depository institutions to the various positions held by Corporation employees within the Corporation or to positions held by employees in FDICinsured depository institutions. The Corporation's sensitive relationships with FDIC-insured depository institutions would invariably raise, at a minimum, the appearance of preferential dealings or treatment whenever an FDIC employee is provided compensation by such institution. In order to avoid an adverse public perception and recusals in the operation of the Corporation's programs, the Board determined that it was appropriate to prohibit employees from engaging in compensated outside employment with FDIC-insured depository institutions.

The Board did not adopt the suggestion of one commenter that the restriction at § 3201.107(b) on the use of real estate licenses by employees whose duties with the Corporation require involvement in matters related to real estate be eliminated for purposes of the purchase and sale of an employee's personal residence or the purchase and sale of real estate for the employee's personal investment portfolio. The rule, as proposed and now as being adopted in final, is intended to balance an employee's right to engage in outside activities against the interests of the Corporation in protecting against questions regarding the impartiality and objectivity of employees and the administration of the Corporation's programs. It would hinder the Corporation in meeting its missions if members of the public were to question whether Corporation employees are using their public positions or official contacts for private gain, including advancing their personal real estate careers. It is important to note that the restriction on the use of such licenses specifies that the prohibition applies only to those situations involving the production of income, thus targeting those situations most likely to raise questions by members of the public. The use of a real estate license for the purchase of a personal residence or vacation home would not ordinarily be restricted since such transaction normally does not result in the production of income.

The same commenter also suggested that § 3201.107(b) was vague and uncertain as written and that it should be re-written to provide detailed procedural rules and an appeals procedure. The Board did not share the view of the commenter. As written, the rule clearly prohibits the use of professional licenses by employees and sets forth a standard of review for requests for exceptions to the application of the prohibition.

IV. Other Changes

The Board of Directors, upon reconsideration of the existing FDIC standards set forth at 12 CFR part 336, requested that the existing restriction on extensions of credit for field employees of the Division of Depositor and Asset Services, formerly the Division of Liquidation, be retained in the final rule in order to eliminate the possibility that employees who participate in asset disposition activities will be able to obtain favored treatment from assisted or assuming entities located in their region of assignment. Therefore, a new § 3201.102(e) was added which continues to apply the existing standard as set forth at 12 CFR 336.16(b)(3) to field employees of the Division of Depositor and Asset Services. To accommodate the added provision, definitions for assisted entity and assuming entity were taken from part 336 and added at § 3201.101(d)(3) and § 3201.101(d)(4), respectively. The existing standard, as set forth in the final rule, provides that a covered employee in the Division of Depositor and Asset Services assigned to a service center or other field office is prohibited from obtaining credit from an assisted or assuming entity, except for credit extended through the use of a credit card under the same terms and conditions as are offered to the general public. An assisted entity is generally defined as an FDIC-insured depository institution which has received financial assistance from the FDIC in order to prevent its failure, any FDIC-insured depository institution resulting from a merger or consolidation with an institution that has received such assistance, and a holding company of an institution that has received assistance or has resulted from a merger or consolidation with such institution. An assisted entity retains its status as an assisted entity for such time as there is

an ongoing financial relationship with the FDIC.

An assuming entity is generally defined as an FDIC-insured depository institution which has entered into a transaction to purchase some or all of the assets and some or all of the liabilities of a failed FDIC-insured depository institution, any holding company of such institution, any FDICinsured depository institution resulting from such transaction and its wholly owned subsidiaries, and any branches or wholly owned subsidiaries of the purchaser or its holding company. An assuming entity retains its status as an assuming entity for a period of one year after the failure of the FDIC-insured depository institution.

V. Removal of FDIC Employee Responsibilities and Conduct Regulations and Related Modifications

On the effective date of the final rule, the Employee Responsibilities and Conduct regulation, 12 CFR part 336, will be amended to remove and reserve subparts A, B, C, E, and F, §§ 336.1-336.23 and §§ 336.29–336.37, and remove the appendix to part 336. Additionally, a new § 336.1 will be added to provide a cross-reference to the Corporation's supplemental ethical conduct regulation, to be codified at 5 CFR part 3201, the Corporation's supplemental financial disclosure regulation at 5 CFR part 3202, and to the **Executive Branch-wide financial** disclosure and standards of ethical conduct regulations at 5 CFR parts 2634 and 2635. 12 CFR part 336, subpart D, §§ 336.24 through 336.28, was removed and reserved by action of the Board of Directors of the Corporation dated November 24, 1992, 57 FR 39628.

VI. Matters of Regulatory Procedure

Regulatory Flexibility Act

The Board of Directors has concluded that the final rule will not impose a significant economic hardship on small institutions. Therefore, the Board of Directors hereby certifies pursuant to section 605 of the Regulatory Flexibility Act (5 U.S.C. 605) that the rule will not have a significant economic impact on a substantial number of small business entities within the meaning of the Regulatory Flexibility Act (5 U.S.C. 601 et seq.).

Paperwork Reduction Act

The Board of Directors has determined that this final rule does not contain any information collection requirements that require the approval of the Office of Management and Budget