property, the prohibitions will help to preserve the public's confidence that these powers will not be misused to benefit the private interests of a Corporation employee.

Section 4001.106—Restrictions Arising From the Employment of Relatives

Section 4001.106 requires a covered employee to file a report of family member employment with his or her immediate supervisor, the ethics liaison in the office, and the DAEO if the covered employee's spouse or a relative who is dependent on or resides with the covered employee is employed with an entity specified in § 4001.108(a). The employee would be disqualified from participating in any matter involving the employee's spouse or relative, or the employing entity, unless the employee received the appropriate authorization pursuant to the standard in § 2635.502(d) of the Executive Branchwide Standards.

In effect, § 4001.106 supplements § 2635.502 of the Executive Branchwide Standards, relating to impartial performance of official duties, and is necessary to ensure that the employment of a close family member by System institutions or related entities does not interfere with the objective and impartial execution of a covered employee's official duties. The requirements of § 4001.106 will help to ensure public confidence in the Corporation's execution of its mission.

Section 4001.107—Involvement in System Institution Board Member Elections

Section 4001.107 prohibits those covered employees who own stock in a System institution, by virtue of retaining a pre-existing loan or extension of credit from a System institution in accordance with § 4001.104(b), from participating in a stockholder nomination or election of a System institution's board members, other than by exercising their right to vote. In addition, this section prohibits covered employees from making any oral or written statements that could be reasonably construed as an attempt to influence a nomination or election.

Section 4001.107 supplements § 2635.702 of the Executive Branch-wide Standards by prohibiting conduct that, given the broad power of the Corporation over System institutions, is likely to give rise to an appearance of misuse of official authority.

Section 4001.108—Outside Employment and Business Activity

(a) *Prohibition.* Section 4001.108(a) supplements § 2635.802 of the Executive Branch-wide Standards by

prohibiting covered employees from engaging in specified outside employment and activities. Covered employees are prohibited from performing paid or unpaid services for any System institution or related entity, or any officer, director, employee, or person connected with a System institution or related entity. This regulation is based, in part, on 18 U.S.C. 1909, which prohibits an examiner of a System institution from performing any service for compensation for any System institution or for any person connected therewith, such as persons working on a contract basis for a System institution. It is expanded to cover persons other than examiners in order to ensure that covered employees do not engage in outside activities that are likely to appear to interfere with the objective and impartial performance of their official duties.

(b) General Requirement for Prior Approval. Pursuant to § 2635.803 of the Executive Branch-wide Standards, agencies may, by supplemental regulation, require employees to obtain prior approval before engaging in outside employment or activities. Under 12 CFR 601.101, which has been administratively adopted by the Corporation, the Corporation has required employees who engage in outside employment to seek prior approval. Based on its finding that this requirement has helped ensure that employees' outside activities conform to applicable statutes and regulations, the Corporation has determined that continuing this requirement is necessary for the purposes of its ethics program. Thus, § 4001.108(b) requires all employees to obtain written approval from the DAEO before engaging in any outside employment, with or without compensation. This section also provides that approval shall be granted only upon a determination that the outside employment is not expected to involve conduct prohibited by statute or Federal regulation, including 5 CFR part 2635 and these supplemental regulations.

(c) Definition. The term
"employment" is broadly defined at § 4001.108(c) to cover any form of non-Federal employment or business relationship involving the provision of personal services, including writing when done under an arrangement with another person for production or publication of the written product. It does not, however, include participation in the activities of nonprofit charitable, religious, professional, social, fraternal, and similar organizations for which no compensation is received other than reimbursement for necessary expenses.

Section 4001.109—Waivers

Section 4001.109 gives the DAEO authority to grant a written waiver of any provision in part 4001 based upon a determination that the waiver is not inconsistent with law and the Executive Branch-wide Standards, and meets the waiver standard established in § 4001.109. An employee may be required under the waiver to disqualify himself or herself from a particular matter or take other appropriate action.

The waiver provision is intended, in appropriate cases, to ease the burden that the supplemental regulations may impose on the private lives of Corporation employees, while ensuring that employees do not engage in actions that may interfere with the objective and impartial execution of their official duties or raise questions about possible misuse of their official positions.

III. Addition of Corporation Employee Responsibilities and Conduct Regulations

On the effective date of the FCA's interim rule, the FCA's regulations on Employee Responsibilities and Conduct, 12 CFR part 601, which had been administratively adopted by the Corporation, will be amended by the FCA to remove §§ 601.100 through 601.102 and to add a residual crossreference. On the effective date of the Corporation's own interim rule, the Corporation will issue new regulations on Employee Responsibilities and Conduct in 12 CFR part 1401, to provide a cross-reference to the Corporation's own supplemental ethical conduct regulation, to be codified at 5 CFR part 4001, and to the Executive Branch-wide financial disclosure and standards of ethical conduct regulations at 5 CFR parts 2634 and 2635.

IV. Matters of Regulatory Procedure

Administrative Procedure Act

Pursuant to 5 U.S.C. 553 (b) and (d), the Corporation finds good cause exists for waiving the general notice of proposed rulemaking and 30-day delay in effectiveness as to this interim final rule. The notice and delayed effective date are being waived because these supplemental regulations for Corporation employees and their families concern matters of Corporation organization, practice and procedure and because it is in the public interest that these supplemental regulations be effective as soon as possible. The Corporation is, however, issuing these regulations as an interim rule, with a request for comments, and will consider any comments received when adopting the regulations in final form.