

§ 4001.104

or minor child of a covered employee, from:

(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, if 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 § 4001.104(b); or

(4) Owning any security pursuant to a waiver granted under § 4001.109.

§ 4001.104 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 regulation or 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

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renegotiation of a pre-existing loan or extension of credit will be treated as a new loan subject to the prohibition in paragraph (a) of this section.

§ 4001.105 Purchase of System institution assets.

(a) *Prohibition on purchasing assets owned by a System institution.* No employee, or spouse or minor child of an employee, shall purchase, directly or indirectly, an asset (such as real property, vehicles, furniture, or similar items) from a System institution or related entity, regardless of how the asset is sold.

(b) *Assets held or managed by the Corporation or a receiver or conservator—(1) Prohibition on purchase.* No employee, or spouse or minor child of an 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 Corporation as a result of its provision of open bank assistance to troubled System banks, regardless of how the asset is sold.

(2) *Disqualification.* An 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.

§ 4001.106 Restrictions arising from the employment of relatives.

When the spouse of a covered employee, or other relative who is dependent on or resides with a covered employee, is employed in a position that the employee would be prohibited from occupying by § 4001.108(a), the employee shall file a report of family member employment with his or her immediate