

based on the producer's yield prior to replacing the actual yields or such other basis as determined appropriate by FCIC.

Signed in Washington, D.C., on June 27, 2000.

Kenneth D. Ackerman,
Manager, Federal Crop Insurance Corporation.

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FARM CREDIT ADMINISTRATION

12 CFR Parts 612 and 614

RIN 3052-AB95

Standards of Conduct; Loan Policies and Operations

AGENCY: Farm Credit Administration (FCA).

ACTION: Direct final rule with opportunity to comment.

SUMMARY: The FCA is rewriting its Standards of Conduct regulations in plain language so that they are easier to understand. This direct final rule does not change the requirements of the existing regulations.

DATES: Unless we receive significant adverse comment by July 31, 2000, these regulations will be effective 30 days after publication in the **Federal Register** during which either or both Houses of Congress are in session. The FCA will publish a document in the **Federal Register** to establish the actual effective date. If we receive significant adverse comment on an amendment, paragraph, or section of this rule, and that provision can be addressed separately from the rest of the rule, we will withdraw that amendment, paragraph, or section and adopt as final those provisions of the rule that are not the subject of a significant adverse comment. In that case, we will tell you how we expect to continue with rulemaking on the provisions that were the subject of a significant adverse comment.

ADDRESSES: You may send comments by electronic mail to "reg-comm@fca.gov" or through the Pending Regulations section of our Web site at "www.fca.gov." You may also send comments to Patricia W. DiMuzio, Director, Regulation and Policy Division, Office of Policy and Analysis, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090 or by fax to (703) 734-5784. You may review copies of all comments we receive in the Office of Policy and Analysis, Farm Credit Administration.

FOR FURTHER INFORMATION CONTACT:
Dale Aultman, Policy Analyst, Office of Policy and Analysis, Farm Credit Administration, McLean, VA 22102-5090, (703) 883-4498, TDD (703) 883-4444,

or

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SUPPLEMENTARY INFORMATION:

I. Objective

The objective of our proposed amendment is to rewrite the Standards of Conduct regulations to make them easier for the Farm Credit System (System) to understand and to better explain our expectations for high standards of honesty and integrity. We are also amending one of our other regulations so it correctly references our Standards of Conduct regulations.

II. Background

A. Reasons for Plain Language

We are amending these regulations so you can read and understand them easily. We are guided by a Presidential memorandum dated June 1, 1998, requiring the Federal Government's writing to be in plain language. Eventually we will rewrite all of our regulations in plain language.

B. Public Comments

On August 18, 1998, we published a notice in the **Federal Register** that asked you to identify existing regulations and policies that impose unnecessary burdens on the System. See 63 FR 44176. We received comments from four Farm Credit banks, a jointly managed production credit association/Federal land credit association, and the Farm Credit Council on Standards of Conduct issues. Most of the commenters asked that we rewrite the Standards of Conduct regulations in plain language. This direct final rule addresses their request and clarifies our regulations. Director, officer, and employee requirements are now in individual subparts so those persons can find the regulations that apply to them more easily. In addition, we clarify our existing regulations stating that directors, officers, and employees may be subject to civil money penalties and suspensions if they violate their duties.

One Farm Credit Bank asked that we remove our prohibition against Farm Credit bank or agricultural credit bank (collectively, bank) officers also working at an association affiliated with that bank. We are not removing this

prohibition because persons serving in a dual role may not be able to meet the goals and fiduciary duties of both the bank and association.

One bank asked that officers and employees be allowed to act as real estate agents and insurance sales agents when not working at the System institution. The bank did note that those employees must not be allowed to transact business with directors, other officers or employees, borrowers, or loan applicants. We are not removing these prohibitions because System institutions have a direct or indirect involvement in many real estate transactions and also sell insurance. This involvement could cause actual conflicts of interest. Even if there is not an actual conflict of interest, System institutions must avoid the appearance of a conflict of interest that could result if their officers or employees sold real estate or insurance.

Another bank asked that System employees without supervisory or decision-making authorities be exempt from disclosure requirements. The preamble to our Standards of Conduct rule published in the **Federal Register** on May 13, 1994, stated that System institution boards may exempt employees from disclosures when they have a substantial degree of supervision and a low level of responsibility. See 59 FR 24893. We have rewritten our regulation to include this guidance.

III. Direct Final Rule

We are amending these regulations by a direct final rulemaking. The Administrative Procedure Act, 5 U.S.C. 551-59, *et seq.* (APA), supports direct final rulemaking, which allows Federal agencies to enact noncontroversial regulations more quickly, without the usual notice and comment period. This process lets us develop, review, and publish a final rule quickly and gives the public an opportunity to comment or object.

In a direct final rulemaking, we tell you the rule will become effective on a specified date unless we receive significant adverse comment during the comment period. If we receive significant adverse comment on an amendment, paragraph, or section of this rule, and that provision can be addressed separately from the rest of the rule, we will withdraw that amendment, paragraph, or section and adopt as final those provisions of the rule that are not the subject of a significant adverse comment. In that case, we will tell you how we expect to continue with rulemaking on the provisions that were the subject of a significant adverse comment.

A significant adverse comment is one that explains why our rule would be inappropriate (including challenges to its underlying premise or approach), ineffective, or unacceptable without a change. In general, a significant adverse comment raises an issue serious enough to warrant a substantive response from us in a notice-and-comment rulemaking. For example, a significant adverse comment to this plain language revision would explain how we made a substantive change to, or otherwise misinterpreted, the existing requirements. Because this direct final rule does not change the existing requirements of this part, a comment regarding the existing requirements will not be considered a significant adverse comment.

Direct final rulemaking is justified under 5 U.S.C. 553(b)(B). Under 5 U.S.C. 553(b)(B), for "good cause," we may omit notice and comment when "notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." In a direct final rulemaking, an agency finds the rule is so straightforward and noncontroversial that normal notice and comment are unnecessary under the APA. However, rather than eliminating public comment altogether, which is permissible under 5 U.S.C. 553(b)(B), we are giving you an opportunity to disagree with our conclusion that public input on the rule is unnecessary.

For these regulations, we believe that a direct final rulemaking is proper, as we do not expect significant adverse comment. If we receive no significant adverse comment, we will publish our regular notice of the rule's effective date in compliance with section 5.17(c)(1) of the Farm Credit Act of 1971, as amended.

List of Subjects

12 CFR Part 612

Agriculture, Banks and banking, Conflict of interests, Rural areas.

12 CFR Part 614

Agriculture, Banks and banking, Flood Insurance, Foreign trade, Reporting and recordkeeping requirements, Rural areas.

For the reasons stated in the preamble, parts 612 and 614 of chapter VI, title 12 of the Code of Federal Regulations are amended as follows:

PART 612—STANDARDS OF CONDUCT

- Revise part 612 to read as follows:

Subpart A—General Provisions

Sec.

- 612.2000 What is the purpose of this part?
612.2005 Am I covered by this rule?
612.2010 Definitions.

Subpart B—Director Duties

- 612.2100 What are my responsibilities as a director?
612.2105 What are our responsibilities as a board of directors?
612.2110 As a director what must I disclose?
612.2115 What am I not permitted to do as a director?
612.2120 What rules am I subject to if I want to acquire property?
612.2125 What standards of conduct policies and procedures must our board of directors issue?
612.2130 May I own or buy System obligations?
612.2135 What happens if I violate my duties?

Subpart C—Officer and Employee Duties

- 612.2200 What are my responsibilities as an officer or employee?
612.2205 As an officer or employee what must I disclose?
612.2210 What am I not permitted to do as an officer or employee?
612.2215 May I act as an agent or broker for real estate or insurance?
612.2220 What rules am I subject to if I want to acquire property?
612.2225 What rules apply if I work for more than one System institution?
612.2230 May I own or buy System obligations?
612.2235 What happens if I violate my duties?

Subpart D—Standards of Conduct Official Duties

- 612.2300 What are my duties as a Standards of Conduct Official?
612.2305 What must I investigate as a Standards of Conduct Official?
612.2310 What must I report as a Standards of Conduct Official?

Subpart E—Standards of Conduct for Agents

- 612.2400 What are my duties as an agent?

Authority: Secs. 5.9, 5.17, 5.19, of the Farm Credit Act (12 U.S.C. 2243, 2252, 2254).

Subpart A—General Provisions

§ 612.2000 What is the purpose of this part?

This part contains the Farm Credit Administration's (FCA/we/our) expectations for high standards of honesty, integrity, impartiality, and conduct in the Farm Credit System (System) to maintain the public's confidence.

§ 612.2005 Am I covered by this rule?

You are covered by this rule if you are a director, officer, employee, agent, or Standards of Conduct Official of a System institution. The following section defines those persons and other terms that are used in this part.

§ 612.2010 Definitions.

For this part, the following terms apply:

(a) *Agent* means any person (other than a director, officer or employee) who is authorized to act for or represent a System institution. An agent includes a person such as a lawyer, accountant, or appraiser who provides professional services to a System institution.

(b) A *conflict of interest* or an appearance of a conflict of interest exists when you have a financial interest that actually affects, or appears to a reasonable person who knows the relevant facts to affect, your ability to perform official duties objectively and impartially in the best interest of your System institution. To determine whether you have a conflict of interest, the following interests are considered yours:

- Interests of your spouse;
- Interests of your minor children;
- Interests of your business partners;
- Interests of any organization or entity that you serve as officer, director, trustee, partner or employee; and
- Interests of any person, organization, or entity with which you are negotiating for, or have an arrangement for, prospective employment.

(c) *Control* of an entity means that you, directly, indirectly, or acting with others:

- Own 5 percent or more of the entity's equity;
- Own or have the power to vote 5 percent or more of any class of the entity's voting securities; or
- Have the power to exercise a controlling influence over the entity.

(d) *Director* means a member of a board of directors of a System institution.

(e) *Employee* means an individual (not including a director, officer, or agent) who works for, is paid by, and whose work performance is supervised by a System institution.

(f) *Entity* means a corporation, company, association, firm, joint venture, partnership (general or limited), society, joint stock company, trust, fund, or other organization or institution, except a System institution.

(g) *Family* means an individual and spouse and anyone having the following relationship to either: parent, child, sibling, stepparent, stepchild, stepsibling, half brother, half sister, uncle, aunt, nephew, niece, grandparent, grandchild, and their spouses.

(h) A *financial interest* means an interest in an activity, transaction, property, or relationship with a person or an entity that involves giving or

receiving something of present or deferred monetary value.

(i) *Financially obligated with* means that you are legally obligated for a debt of another person or entity or someone else is legally obligated for your debts. This includes co-signing or guaranteeing a debt for another person or entity or using your property as security for someone else's debt.

(j) A *material financial interest* means that you have a financial interest significant enough to:

(1) Actually affect your decision-making, or

(2) Cause a reasonable person who knows the relevant facts to question your ability to perform your official duties objectively, impartially, and in the best interest of your System institution.

(k) *Mineral interest* means any interest in minerals, oil, or gas, including, but not limited to, any right derived directly or indirectly from a mineral, oil, or gas lease, deed, or royalty conveyance.

(l) *Officer* means the chief executive officer, president, chief operating officer, vice president, secretary, treasurer, general counsel, chief financial officer, and chief credit officer of each System institution, and any person who holds a similar position of authority.

(m) *Ordinary course of business* means a transaction that is:

(1) Usual and customary based on the prior conduct of the persons involved in the transaction; or

(2) Made on terms and conditions comparable to those used by other persons in the same industry for similar transactions.

(n) *Person* means individual or entity.

(o) *Standards of Conduct Official* means the official designated under subpart D of this part.

(p) *System institution* and *institution* means any bank, association, service organization, or the Federal Farm Credit Banks Funding Corporation.

Subpart B—Director Duties

§ 612.2100 What are my responsibilities as a director?

(a) You must maintain high standards of honesty, integrity, impartiality, and conduct to ensure the proper performance of System business and continued public confidence in System institutions. You must avoid misconduct and conflicts of interest to maintain these standards.

(b) You must obey all applicable laws, regulations, policies, instructions, and procedures. You must exercise diligence and good judgment in carrying out your duties and responsibilities.

(c) You must ensure that other directors, officers, employees, and agents comply with this part and promptly address any matter involving a conflict of interest.

§ 612.2105 What are our responsibilities as a board of directors?

(a) You must ensure that your institution complies with all standards of conduct requirements. You must appoint a Standards of Conduct Official to carry out subpart D of this part. You may contract with your supervising bank to provide a Standards of Conduct Official.

(b) You must ensure that your institution uses safe and sound business practices with agents and that your institution:

(1) Selects qualified and reputable agents;

(2) Investigates and takes corrective action when an agent breaches his or her fiduciary duty;

(3) Avoids or controls the employment of agents who are related to your institution's directors, officers, or employees;

(4) Avoids or controls soliciting or accepting gifts or favors by agents; and

(5) Avoids or controls an agent's use of System or borrower information obtained in the course of the agent's dealings with System institutions.

(c) You must ensure your institution keeps all standards of conduct policies and procedures, reports, investigations, determinations, and evidence of compliance with this part for at least 6 years.

(d) You must establish periodic written disclosure requirements for directors, officers, and employees to effectively enforce this part and your institution's standards of conduct policy. You may exclude from these reporting requirements employees who have substantial supervision and low levels of responsibility.

§ 612.2110 As a director what must I disclose?

(a) Annually, and as required by paragraph (c) of this section, you must file a written and signed statement with your Standards of Conduct Official that discloses:

(1) The names of any immediate family members and affiliated organizations that did business with your institution during the past 12 months.

(i) *Immediate family* means a person and spouse and his or her parent, child, sibling, and their spouses.

(ii) *Affiliated organizations* include any organization, other than a System institution, for which you served as a

partner, officer, or majority shareholder at any time during the past 12 months;

(2) Any legal proceedings required to be disclosed in the annual report to shareholders under § 620.5(k) of this chapter; and

(3) Any additional information your institution needs to make the disclosures required by part 620 of this chapter.

(b) At such intervals as your board determines is necessary to effectively enforce this part and your standards of conduct policy, you must file a written and signed statement with your Standards of Conduct Official that contains the disclosures required by our regulations and your institution's standards of conduct policy. At a minimum, you must disclose:

(1) The name of any family member, person living in your home, business partner, or any entity they or you control that does business with your institution, any association your institution supervises, or your supervising bank; and

(2) The name and the nature of any entity in which you have a material financial interest or on whose board you serve, if that entity does business with your institution, any association your institution supervises, or any of their borrowers.

(c) When you become or plan to become involved in any relationship, transaction, or activity that must be reported under this section or that could create a conflict of interest, you must promptly ask your Standards of Conduct Official, in writing, whether the relationship, transaction, or activity creates a conflict of interest.

(d) When you become a director you must make the disclosures required by this section to your Standards of Conduct Official within 30 days after your election or appointment. You need not do so if you completed a disclosure as a director candidate under part 620 of this chapter in the past 180 days.

§ 612.2115 What am I not permitted to do as a director?

(a) You must not participate (except for matters that affect borrowers and shareholders generally, such as interest rate determinations) in System matters or transactions that directly or indirectly affect:

(1) Your financial interest;

(2) The financial interest of an entity you control; or

(3) The financial interest of your family, any person living in your home, your business partner, or any entity they or you control.

(b) You must not divulge or use (except in your official duties) any

System information or document not generally available to the public that you acquire as a board member.

(c) You must not use your position to obtain or attempt to obtain special advantage or favoritism for any person, entity, or yourself.

(d) You must not use your position or information you acquire in your position to solicit or obtain, directly or indirectly, any gift, fee, compensation, or other benefit for any person, entity, or yourself.

(e) You must not accept, directly or indirectly, any gift, fee, compensation, or other benefit that is offered or could reasonably be viewed as offered to:

(1) Influence your actions as a director of a System institution, or

(2) Obtain information that you have access to because you are a board member.

(f) You must not borrow from, lend to, or become financially obligated with or for, directly or indirectly, a director, officer, employee, agent, borrower, or loan applicant of your institution, or a director, officer, employee, or agent of any association your institution supervises, or your supervising bank, unless:

(1) The transaction is with a family member or person living in your home; or

(2) The Standards of Conduct Official determines, under your institution's policies and procedures, the potential for conflict of interest is insignificant because:

(i) The transaction is in the ordinary course of business or does not involve a material financial interest; and

(ii) You do not participate in any matter affecting the financial interest of the other party to the transaction unless it is a matter that affects borrowers and shareholders generally.

(g) You must not violate your institution's standards of conduct policies and procedures.

§ 612.2120 What rules am I subject to if I want to acquire property?

(a) As a director, you may acquire an interest in real or personal property, including mineral interests, in which a System institution has an interest only if you meet these conditions:

(1) You acquire the property through public auction or similar open, competitive bidding;

(2) You did not participate in the decision to foreclose or dispose of the property including setting the sale terms; and

(3) In your position as a director, you have received no information as a result of your position that could give you an advantage over other potential bidders in making a successful bid.

(b) Even if you did not participate in the decision to foreclose or dispose of the property, as a director you may not acquire any real or personal property, including mineral interests, in a private transaction if:

(1) Your institution, any association your institution supervises, or your supervising bank, owned the property within the past 12 months; and

(2) The institution acquired the property by foreclosure or similar action.

§ 612.2125 What standards of conduct policies and procedures must our board of directors issue?

(a) Each board of directors must issue standards of conduct policies and procedures for directors, officers, and employees consistent with the purposes and specific requirements of this part.

(b) Your policies and procedures must, at a minimum:

(1) Address:

(i) Hiring of family members;

(ii) Political activity by directors, officers, and employees;

(iii) Devoting time to duty by directors, officers, and employees;

(iv) Giving or receiving gifts or favors by directors, officers, and employees; and

(v) Improper use of official property, position, or information.

(2) Outline the authorities and responsibilities of the Standards of Conduct Official;

(3) Set guidelines for directors, officers, and employees to follow in business relationships and transactions not specifically prohibited by this part that involve borrowers, loan applicants, or other persons doing business with your institution;

(4) If applicable, set guidelines for directors, officers, and employees to follow in business relationships and transactions not specifically prohibited by this part that involve directors, officers, or employees of:

(i) Your supervising bank, any association it supervises, or their borrowers or loan applicants; or

(ii) Other persons doing business with your supervising bank or any association it supervises;

(5) Set guidelines for deciding whether an officer or employee of your bank or association may serve as a director of a cooperative that borrows from another System institution. Before approving an officer's or employee's request, your board must decide whether the proposed service as a director may cause the officer or employee to violate any regulations in this part or your institution's policies and procedures;

(6) Establish conditions under which officers and employees may:

(i) Accept outside employment or compensation;

(ii) Borrow from System institutions;

(iii) Acquire an interest in real or personal property that secured a debt owed to a System institution within the preceding 12 months;

(iv) Buy real or personal property from a System institution;

(7) Ensure that your institution uses open competitive bidding when it sells surplus property above a stated value (as established by your board) to its officers or employees;

(8) Give new directors, officers, and employees a reasonable amount of time to end transactions, relationships, or activities that your policies and procedures prohibit;

(9) Give directors, officers, and employees a reasonable amount of time after you change existing policies and procedures to end transactions, relationships, or activities the new policies and procedures prohibit;

(10) Provide a procedure for directors, officers, or employees to recuse themselves from official action (including deliberations) on matters in which they may not participate under the regulations in this part or your policies and procedures;

(11) Ensure that compliance with standards of conduct decisions and board policy is adequately documented;

(12) Establish reporting requirements that enable your institution to comply with § 620.5 of this chapter;

(13) Establish a method to monitor conflicts of interest and compliance with your policies and procedures;

(14) Establish appeal procedures available to officers and employees to whom any required approval has been denied.

(15) If applicable, establish guidelines and prohibitions for bank for cooperatives and agricultural credit bank officers and employees involved with foreign exchange activities as required in § 614.4900(g) of this chapter.

§ 612.2130 May I own or buy System obligations?

(a) A director of a System institution other than the Federal Farm Credit Banks Funding Corporation (Funding Corporation) may only buy joint, consolidated, or Systemwide obligations that are both:

(1) Part of an offering available to the public, and (2) Bought in the secondary market or through a dealer or dealer bank affiliated with a member of the selling group designated by the Funding Corporation.

(b) A director of the Funding Corporation may not acquire, directly or

indirectly, any joint, consolidated, or Systemwide obligations, except by inheritance.

§ 612.2135 What happens if I violate my duties?

If you violate your duties, FCA may take action against you under 12 CFR part 622 of our regulations, and may impose civil money penalties and suspensions.

Subpart C—Officer and Employee Duties

§ 612.2200 What are my responsibilities as an officer or employee?

(a) You must uphold high standards of honesty, integrity, impartiality, and conduct to ensure the proper performance of System business and continued public confidence in the System and its institutions. You must avoid misconduct and conflicts of interest to maintain these standards.

(b) You must obey all applicable laws, regulations, policy statements, instructions, and procedures. You must exercise diligence and good judgment in carrying out your duties, obligations, and responsibilities.

§ 612.2205 As an officer or employee what must I disclose?

(a) Annually, and as required by paragraph (c) of this section, officers must file a written and signed statement with their Standards of Conduct Official that discloses:

(1) The names of any immediate family members and affiliated organizations who did business with their institution during the past 12 months.

(i) *Immediate family* means a person and spouse and his or her parent, child, sibling, and their spouses.

(ii) *Affiliated organizations* include any organization, other than a Farm Credit organization, for which you served as a partner, officer, or majority shareholder at any time during the past 12 months;

(2) Any legal proceedings required to be disclosed in the annual report to shareholders under § 620.5(k) of this chapter; and

(3) Any additional information your institution needs to make the disclosures required by part 620 of this chapter.

(b) At such intervals as an officer's and employee's board determines is necessary to effectively enforce this part and their institution's standards of conduct policy, officers and employees must file a written and signed statement with their Standards of Conduct Official that contains the disclosures required by our regulations and their institution's

standards of conduct policy, unless their board excludes their positions from these reporting requirements. At a minimum, as an officer or employee you must disclose:

(1) The name of any family member, person living in your home, business partner, or any entity they or you control that does business with your institution, any association your institution supervises, or your supervising bank; and

(2) The name and the nature of any entity in which you have a material financial interest or on whose board you serve if that entity does business with your institution, any association your institution supervises, or any of their borrowers.

(c) If officers or employees become involved in any relationship, transaction, or activity that must be reported under this section or that could create a conflict of interest, they must promptly ask their Standards of Conduct Official, in writing, whether the relationship, transaction, or activity creates a conflict of interest.

(d) When you are hired as an officer or employee, you must make the disclosures required by this section to your Standards of Conduct Official within 30 days of accepting an offer for employment.

§ 612.2210 What am I not permitted to do as an officer or employee?

(a) You must not participate (except for matters that affect borrowers and shareholders generally, such as interest rate determinations) in System matters or transactions that directly or indirectly affect:

(1) Your financial interest;

(2) The financial interest of an entity you control; or

(3) The financial interest of your family, any person living in your home, your business partner, or any entity they or you control.

(b) You must not divulge or use (except in performing your official duties) any System information or document not generally available to the public that you acquire as a System officer or employee.

(c) You must not use your position to obtain or attempt to obtain special advantage or favoritism for any person, entity, or yourself.

(d) You must not use your position or information you acquire in your position to solicit or obtain, directly or indirectly, any gift, fee, compensation, or other benefit for any person, entity, or yourself.

(e) You must not accept, directly or indirectly, any gift, fee, compensation, or other benefit that is offered or could reasonably be viewed as offered to:

(1) Influence your actions as an officer or employee; or

(2) Obtain information that you have access to because you are an officer or employee.

(f) You must not borrow from, lend to, or become financially obligated with or for, directly or indirectly, a director, officer, employee, agent, borrower, or loan applicant of your institution, or a director, officer, employee, or agent of any association your institution supervises, or your supervising bank, unless:

(1) The transaction is with a family member or person living in your home; or

(2) The Standards of Conduct Official determines, according to your institution's policies and procedures, the potential for a conflict of interest is insignificant because:

(i) The transaction is in the ordinary course of business and does not involve a material financial interest; and

(ii) You do not participate in any matter affecting the financial interest of the other party to the transaction unless it is a matter that affects borrowers and shareholders generally.

(g) You must not violate your institution's policies and procedures governing standards of conduct.

§ 612.2215 May I act as an agent or broker for real estate or insurance?

(a) You may not act as a real estate agent or broker unless you are buying or selling real estate for your own use or for a family member or a person living in your home.

(b) You may not act as an agent or broker for the sale or placement of insurance unless authorized under section 4.29 of the Act.

§ 612.2220 What rules am I subject to if I want to acquire property?

You may not acquire, directly or indirectly, (except by inheritance) any interest in any real or personal property, including mineral interests, that your institution, the associations your institution supervises, or your supervising bank owned within the preceding 12 months as a result of foreclosure or similar action.

§ 612.2225 What rules apply if I work for more than one System institution?

(a) A bank officer may not be an officer or employee of a supervised association.

(b) A bank employee may not be an officer of a supervised association.

(c) You may be an employee at both a bank and a supervised association. Employee expenses must be appropriately reflected in each institution's financial statements.

(d) You may not serve as an officer or director of an entity that transacts business with any System institution in your institution's territory or any commercial bank, thrift institution, or other non-System financial institution in your institution's territory, except employee credit unions. For purposes of this section, "transacts business" does not include System institution loans to a family-owned entity, service on the board of directors of the Federal Agricultural Mortgage Corporation, or transactions with nonprofit entities or entities in which the System institution has an ownership interest.

(e) If you are an officer or employee of a bank or association you may serve as a director of a cooperative that borrows from another System institution only after approval of your board, subject to your institution's policies and procedures.

§ 612.2230 May I own or buy System obligations?

(a) If you are an officer or employee of a System institution other than the Federal Farm Credit Banks Funding Corporation (Funding Corporation) you may only buy joint, consolidated, or Systemwide obligations that are both:

(1) Part of an offering available to the public, and
(2) Bought in the secondary market or through a dealer or dealer bank affiliated with a member of the selling group designated by the Funding Corporation.

(b) If you are an officer or employee of the Funding Corporation you may not acquire, directly or indirectly, any joint, consolidated, or Systemwide obligations, except by inheritance.

§ 612.2235 What happens if I violate my duties?

If you violate your duties, FCA may take action against you under 12 CFR part 622 of our regulations, and may impose civil money penalties and suspensions.

Subpart D—Standards of Conduct Official Duties

§ 612.2300 What are my duties as a Standards of Conduct Official?

As a Standards of Conduct Official you:

- (a) Advise directors, director candidates, officers, and employees about this part;
- (b) Receive reports required by this part;
- (c) Make determinations required by this part;
- (d) Maintain records of your actions; and

(e) Investigate as directed by your board.

§ 612.2305 What must I investigate as a Standards of Conduct Official?

As a Standards of Conduct Official you must investigate or ensure investigation of all:

- (a) Possible director, officer, employee, or agent violations of criminal statutes;
- (b) Possible violations of this part or your institution's policies and procedures;
- (c) Complaints against directors, officers, and employees; and
- (d) Activities or suspected activities that could affect continued public confidence in the System.

§ 612.2310 What must I report as a Standards of Conduct Official?

(a) As a Standards of Conduct Official you must promptly report to your board and our Office of General Counsel:

- (1) Any preliminary investigation that shows a director, officer, employee, or agent may have violated a criminal statute;
- (2) The removal of a director or agent or discharge of an officer or employee as a result of an investigation; and
- (3) Any matter that may have an adverse impact on continued public confidence in the System or any of its institutions.

(b) You must periodically report to your board on other significant matters you handle as a Standards of Conduct Official.

Subpart E—Standards of Conduct for Agents

§ 612.2400 What are my duties as an agent?

You must maintain high standards of honesty, integrity, and impartiality to ensure proper performance of System business and continued public confidence in the System. You must avoid misconduct and conflicts of interest.

PART 614—LOAN POLICIES AND OPERATIONS

2. The authority citation for part 614 continues to read as follows:

Authority: 42 U.S.C. 4012a, 4104a, 4104b, 4106, and 4128; secs. 1.3, 1.5, 1.6, 1.7, 1.9, 1.10, 1.11, 2.0, 2.2, 2.3, 2.4, 2.10, 2.12, 2.13, 2.15, 3.0, 3.1, 3.3, 3.7, 3.8, 3.10, 3.20, 3.28, 4.12, 4.12A, 4.13, 4.13B, 4.14, 4.14A, 4.14C, 4.14D, 4.14E, 4.18, 4.18A, 4.19, 4.25, 4.26, 4.27, 4.28, 4.36, 4.37, 5.9, 5.10, 5.17, 7.0, 7.2, 7.6, 7.8, 7.12, 7.13, 8.0, 8.5 of the Farm Credit Act (12 U.S.C. 2011, 2013, 2014, 2015, 2017, 2018, 2019, 2071, 2073, 2074, 2075, 2091, 2093, 2094, 2097, 2121, 2122, 2124, 2128, 2129, 2131, 2141, 2149, 2183, 2184, 2199,

2201, 2202, 2202a, 2202c, 2202d, 2202e, 2206, 2206a, 2207, 2211, 2212, 2213, 2214, 2219a, 2219b, 2243, 2244, 2252, 2279a, 2279a-2, 2279b, 2279c-1, 2279f, 2279f-1, 2279aa, 2279aa-5); sec. 413 of Pub. L. 100-233, 101 Stat. 1568, 1639.

Subpart L—Actions on Applications; Review of Credit Decisions

§ 614.4440 [Amended]

3. Amend § 614.4440(f) by removing “, subpart B” in the last sentence.

Dated: June 19, 2000.

Vivian L. Portis,

Secretary, Farm Credit Administration Board.

[FR Doc. 00-16054 Filed 6-29-00; 8:45 am]

BILLING CODE 6705-01-P

FEDERAL HOUSING FINANCE BOARD

12 CFR Part 997

[No. 2000-15]

RIN 3069-AA92

Determination of Appropriate Present-Value Factors Associated With Payments Made by the Federal Home Loan Banks to the Resolution Funding Corporation; Correction

AGENCY: Federal Housing Finance Board.

ACTION: Final rule; correction.

SUMMARY: The Federal Housing Finance Board (Finance Board) published in the **Federal Register** of April 3, 2000, a final rule implementing provisions of the Gramm-Leach-Bliley Act (Gramm-Leach-Bliley) that changed the methodology for determining the amount of the payments to be made by the Federal Home Loan Banks (Banks) to the Resolution Funding Corporation (REFCORP). The final rule omitted a reference to the value of an annuity, as referenced in Gramm-Leach-Bliley, in one section of the rule. This document corrects that omission.

EFFECTIVE DATES: Effective on June 30, 2000.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Need for Correction

In FR Doc. 00-8116, published in the **Federal Register** on April 3, 2000 (65 FR 17435), the Finance Board added new