

## 7.1 EXCEPTED INVESTMENT FUNDS

5 U.S.C. App. § 102(f)(8)  
5 C.F.R. § 2634.310(c)

This chapter on investment vehicles focuses on types of plans or arrangements that are not in themselves EXCEPTED INVESTMENT FUNDS (EIFs), but which contain assets that are often EIFs. An EIF is a basic concept that reduces the degree of public disclosure of certain investments. The concept of the EIF was created by statute and is solely a characterization for financial disclosure purposes. An EIF may include pooled investments such as MUTUAL FUNDS, common trust funds of a bank or other financial institution, unit investment trusts, and limited partnerships *if* they meet all of the following tests. An EIF is an investment vehicle which is:

### EIF Test

1. widely held,
2. (a) publicly-traded (or available) **or** (b) widely diversified, *and*,
3. independently managed, that is, arranged so that the filer neither exercises control nor has the ability to exercise control over the financial interests held by the fund.

An investment must meet *either* 2(a) or 2(b), as well as 1 and 3, to qualify as an EIF. Many investment funds that focus on particular economic sectors are thus EIFs, but they may still present conflicts.

### Meaning of Widely Held Meaning of Publicly Available

OGE generally views funds that have more than 100 participants, such as private pension plans of medium and large employers, as "widely held." Funds which are open to any investor are considered publicly available. Net worth or income requirements do not disqualify a fund from being publicly available. Widely diversified means that the fund:

### Diversification Criteria

- holds no more than 5% of the value of its portfolio in the securities of any issuer (other than the U.S. Government) and
- holds no more than 20% of the value of its portfolio in any particular economic or geographic sector.