



STANDARDS OF CONDUCT

1. *General principles.* The Federal Housing Finance Board (Finance Board) regulates the twelve Federal Home Loan Banks (Banks) and has regulatory authority and supervisory oversight responsibility for the Office of Finance (OF). The Finance Board is not charged with managing or governing the business operations of the Banks. The Finance Board has rulemaking and adjudicatory authority, but exercises these authorities only through its Board of Directors, acting jointly. Before exercising rulemaking or adjudicatory authority, the Directors are obliged to gather facts and information in a fair and open manner. Finance Board staff assist in this task and also serve the vital function of providing information and guidance to the regulated entities. A transparent and reliable exchange of facts and views between the regulator and the regulated entities contributes to successful accomplishment of each party's mission.

Because the statutory role of the Finance Board is to regulate the Banks, the Finance Board must remain at arm's length from the Banks. The Finance Board must conduct itself in a fair, objective and impartial manner toward each Bank and the Bank System as a whole, particularly when engaged in rulemaking or adjudicatory functions. The Finance Board has chosen to delegate certain responsibilities to the OF and must regulate it with the same fairness, objectivity and impartiality with which it regulates the Banks and the Bank System. Finance Board Directors, officers and employees must always conduct themselves in a fashion that observes the different and distinct responsibilities, duties and roles of the Finance Board and the regulated entities.

In view of the statutory role of the Finance Board and its relationship to the Banks and the OF, it is prudent to adopt certain standards of conduct to (a) ensure the integrity of Finance Board decision-making, (b) promote fairness, objectivity and impartiality in the Finance Board's review of Bank petitions and other matters, (c) avoid inappropriate interference with or involvement in the internal operations or business of the Banks or the OF, and (d) avoid giving the appearance of impropriety from failing to maintain an appropriate distance from Banks or the OF.

These standards are not intended to restrict or otherwise affect the ability of the Secretary of Housing and Urban Development or the Secretary's designee to discharge any statutory or regulatory responsibilities or duties other than those of a Finance Board Director.

2. *Attendance at board of directors, committee and advisory council meetings of regulated entities prohibited.*

(a) *General.* Becoming knowledgeable about the regulated entities is a duty of Finance Board Directors, officers and employees. Meeting and discussing matters with directors, officers and employees of Banks and the OF is an efficient method of accomplishing this duty. But the different and distinct roles of the Finance Board and the regulated entities must not be ignored in acquiring information about the Bank System and important issues facing the Bank System. Finance Board directors, officers and employees are permitted to meet with Bank directors, officers or employees, subject to the Finance Board's restrictions on *ex parte* communications. Except as provided in subsection (b), however,

Finance Board directors, officers and employees may not attend any official portion of a board of directors, committee or advisory council meeting of an entity regulated by the Finance Board convened to conduct any business of the regulated entity. This provision does not prohibit attendance prior to any such meeting being called to order or after adjournment.

(b) *Limited exception for examination and related functions.* Finance Board examination staff, and other persons whose attendance is requested by the Director, Office of Supervision, may attend a board of directors or committee meeting of a regulated entity, only for the following purposes, and only for such time as necessary to accomplish such purposes:

- (1) to present a report of examination or examination findings,
- (2) to discuss such report or findings, and
- (3) to bring to the attention of or to address with a regulated entity an exceptional matter, inquiry, or request.

3. *Communication with regulated entities.*

(a) Finance Board directors and their staffs, officers and employees shall limit official written or oral communication with a regulated entity or its directors, officers or employees to matters within the statutory authority of the Finance Board.

(b) The Finance Board exercises its rulemaking and adjudicatory functions only through its Board of Directors, acting jointly. Accordingly, individual Finance Board directors shall neither represent nor give the appearance of speaking or acting on behalf of the Finance Board, absent specific direction from the Finance Board.

(c) This section is not intended to curtail or affect any authority specifically set forth in statute or Finance Board regulation, or the provision of informal guidance and advice to a regulated entity by Finance Board staff responsible for providing such guidance and advice.

(d) This section is not intended to limit access to information needed by a Finance Board director to fulfill the statutory duties and responsibilities of the Finance Board.

4. *Application of gift and travel policies.*

(a) As a general matter, no Finance Board director, officer, or employee may accept any gift or thing of value from a Bank, director, officer or employee of such Bank, or any other entity regulated by the Finance Board, because these persons and entities are considered “prohibited sources” under the Executive Branch standards of ethical conduct codified at 5 C.F.R. Part 2635.

(b) Notwithstanding the general gift restriction stated in subsection (a), a Finance Board director, officer or employee may accept a gift of food, refreshments or entertainment if valued at \$20 or less (not to exceed \$50 from one source per year) and any other gift or thing of value, regardless of amount, if acceptance is specifically permitted by the Executive Branch standards of conduct.

(c) No Finance Board director, officer or employee may be paid or reimbursed for the cost of food, refreshments or entertainment except as authorized under the Finance Board’s Official Reception and Representation Policy (Mar. 18, 2002) and its Travel Policy and Procedures (Aug. 27, 2001), and any subsequent amendments or replacements to these policies.

(d) Finance Board directors, officers, and employees are encouraged to consult with the Office of General Counsel before accepting any gift or thing of value from any entity regulated by the Finance Board, or any director, officer or employee of such entity.