

April 20, 2018

Ms. Cary K. Williams  
Assistant General Counsel  
Designated Agency Ethics Official  
Board of Governors of the Federal Reserve System  
Washington, D.C. 20551

Dear Ms. Williams:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Governor and Vice Chairman of the Board of Governors of the Federal Reserve System.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will take an unpaid leave of absence from my position as tenured Professor at Columbia University, and I will not provide any services to Columbia University for the duration of my government service. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of Columbia University, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for either the exemption at 5 C.F.R. § 2640.203(b) or another regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will resign from my position with Pacific Investment Management Company (PIMCO). I hold vested PIMCO M Units. I do not hold any unvested PIMCO M Units or any M Unit options. After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will divest my interests in PIMCO M Units. Pursuant to my employment agreement and company practice, I will receive a bonus in 2018 for work performed prior to my separation. I will receive all bonus payments before I assume the duties of the position of Federal Reserve Governor. For a period of two years after my receipt of these payments, I will not participate personally and substantially in any particular matter involving specific parties in which I know PIMCO is a party or represents a party, unless I first receive a written waiver pursuant to 5 C.F.R. § 2635.503(c).

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will resign from my positions with the National Bureau of Economic Research, Deutsche Bundesbank Research Council, and the Hong Kong Monetary Authority's Institute for Monetary Research. For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which I know that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, my spouse will divest her interest in the Vanguard Information Technology ETF. Within 90 days of my confirmation, I will divest my interests in Amazon.com Inc. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of this entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I understand that I may be eligible to request a Certificate of Divestiture for qualifying assets, and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will ensure that all divestitures discussed in this agreement occur within the agreed upon timeframes and that all proceeds are invested in non-conflicting assets.

If I have a managed account or otherwise use the services of an investment professional during my appointment, I will ensure that the account manager or investment professional obtains my prior approval on a case-by-case basis for the purchase of any assets other than cash, cash equivalents, investment funds that qualify for the exemption at 5 C.F.R. § 2640.201(a), or municipal bonds.

I will meet in person with a Federal Reserve System ethics official during the first week of my service in the position of Governor in order to complete the initial ethics briefing required under 5 C.F.R. § 2638.305. If circumstances do not permit a first-week meeting, I will meet with a Federal Reserve System ethics officials not later than 15 days after my appointment as required under 5 C.F.R. § 2638.305. Within 90 days of my confirmation, I will also document my compliance with this ethics agreement by notifying you in writing when I have completed the steps described in this ethics agreement.

I understand that as an appointee I will be required to sign the Ethics Pledge (Exec. Order no. 13770) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with ethics agreements of other Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard H. Clarida". The signature is fluid and cursive, with the first name "Richard" being the most prominent part.

Richard H. Clarida