



United States  
**Office of Government Ethics**  
1201 New York Avenue, NW., Suite 500  
Washington, DC 20005-3917

February 8, 1994  
DO-94-008

MEMORANDUM

TO: Designated Agency Ethics Officials

FROM: Stephen D. Potts  
Director

SUBJECT: Extension of Grace Period for Certain Existing Agency Standards of Conduct

Attached is the final rule published by the Office of Government Ethics (OGE) on February 2, 1994, which grandfathers for up to an additional year certain agency standards of conduct regulations in effect prior to February 3, 1993. 59 Fed. Reg. 4779-4780. The Standards of Ethical Conduct for Employees of the Executive Branch grandfathered for one year after the effective date of the Standards, or until the earlier issuance of an agency supplemental regulation, preexisting agency regulations that prohibited the acquisition or holding of certain financial interests or required prior approval for outside employment activities. See notes following 5 C.F.R. §§ 2635.403(a) and 2635.803. The initial grace period expired on February 3, 1994.

The attached final rule extends the grace period for an additional year, until February 3, 1995, to provide the 52 agencies listed in new appendix A to part 2635 additional time to issue supplemental regulations. By DAEOgram (DO-93-033) dated November 22, 1993, OGE gave agencies that had not earlier done so an opportunity to provide notice of their intent to issue supplemental regulations. The 52 agencies listed in the attached final rule are those that provided such notice but had not issued interim or final supplemental regulations. For other agencies that have not issued interim or final supplemental regulations, the original grace period expired, as noted above, this past February 3.

[Attachment](#)

(TEBBS Note: The final rule is not provided here, but it is available on the bulletin board. It can be accessed in the PUBLIC AFFAIRS category of both the BULLETINS (#8) and FILES (FR020294.TXT) sections)

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OFFICE OF GOVERNMENT ETHICS

5 CFR Part 2635

RINs 3209-AA04, 3209-AA15

Additional Grace Period Extension for Certain Existing Agency  
Standards of Conduct

AGENCY: Office of Government Ethics (OGE).

ACTION: Final rule; technical amendment.

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**SUMMARY:** The Office of Government Ethics is granting an additional grandfathering grace period extension for up to one year for certain existing executive agency standards of conduct, dealing with financial interest prohibitions and prior approval for outside employment/activities, which have been temporarily preserved. This action is necessary because many agencies have not been able to develop, with OGE concurrence, supplemental regulations for such provisions during the first one-year grace period. This additional extension will help ensure

that concerned agencies have adequate time to issue successor regulatory provisions to replace the restrictions noted.

EFFECTIVE DATE: February 2, 1994.

FOR FURTHER INFORMATION CONTACT: William E. Gressman, Office of Government Ethics, telephone: 202-523-5757, FAX: 202-523-6325.

SUPPLEMENTARY INFORMATION: The Office of Government Ethics (OGE) is granting under the executive branch standards of ethical conduct an additional extension of time for up to one year, until February 3, 1995, for certain agencies' existing conduct standards dealing with prohibited financial interests and prior approval for outside employment and activities. When OGE published its ethical conduct standards for executive branch employees in the Federal Register on August 7, 1992 (as now codified at 5 CFR part 2635), it provided, by means of notes following 5 CFR 2635.403(a) and 2635.803, that although most existing individual agency standards of conduct would be superseded once the executive branch-wide standards took effect on February 3, 1993, existing agency standards dealing with the two types of restrictions noted above would be preserved for one year (until February 3, 1994) or until the agency concerned issued a supplemental regulation, whichever occurred first. See 57 FR 35006-35067, as corrected at 57 FR 48557 and 52583.

Various executive branch departments and agencies have expressed an interest in developing supplemental regulations involving one or both of these types of provisions. Through OGE's liaison efforts, the Office of the Federal Register has assigned new chapters and parts at the end of title 5 of the Code of Federal Regulations to accommodate these agencies' future supplemental standards regulations (on these two and other appropriate subject areas), as well as any supplemental agency regulations under OGE's executive branch-wide financial disclosure provisions at 5 CFR part 2634. However, although some of the agencies have, with OGE concurrence, issued interim final or final supplemental regulations, many have not yet had the time to finalize their planned supplemental regulations.

The Office of Government Ethics has therefore determined to permit preservation of existing agency standards setting forth financial interest prohibitions and outside employment/activities prior approval requirements for up to one more year, until February 3, 1995 (or until issuance by each agency of its supplemental regulation, whichever comes first), while the concerned agencies continue to work to promulgate their new provisions in these two areas. The agencies subject to this additional grandfathering grace period extension are enumerated at new appendix A, which is being added to 5 CFR part 2635, in the order of the assignment of chapter numbers at the end of 5 CFR. Agencies not

listed either have not expressed an interest in issuing supplemental agency regulations pursuant to 5 CFR 2635.105 (or 5 CFR 2634.103) or have already issued final or interim final supplemental regulations. For agencies not listed in appendix A, the initial grace period for any existing standards of conduct financial interest prohibitions and prior approval for outside employment/activities expires on February 3, 1994.

#### Administrative Procedure Act

Pursuant to 5 U.S.C. 553 (b) and (d), as Director of the Office of Government Ethics, I find good cause exists for waiving the general notice of proposed rulemaking and 30-day delay in effectiveness as to this grace period extension. The notice and delayed effective date are being waived because this rulemaking concerns a matter of agency organization, practice and procedure and because it is in the public interest that those agencies concerned have adequate time to promulgate successor provisions to their existing standards of conduct regulations in these two areas, while preserving existing restrictions in the meantime.

#### Executive Order 12866

In promulgating this grace period extension technical amendment, the Office of Government Ethics has adhered to the regulatory philosophy and the applicable principles of regulation set forth in section 1 of Executive Order 12866, Regulatory Planning and Review. This amendment has not been reviewed by the Office of Management and Budget under that Executive order, as it is not deemed "significant" thereunder.

#### Regulatory Flexibility Act

As Director of the Office of Government Ethics, I certify under the Regulatory Flexibility Act (5 U.S.C. chapter 6) that this rulemaking will not have a significant economic impact on a substantial number of small entities.

#### Paperwork Reduction Act

The Paperwork Reduction Act (44 U.S.C. chapter 35) does not apply because this rulemaking does not contain information collection requirements that require the approval of the Office of Management and Budget.

#### List of Subjects in 5 CFR Part 2635

Conflict of interests, Government employees.

Approved: January 27, 1994.  
Stephen D. Potts,  
Director, Office of Government Ethics.

Accordingly, the Office of Government Ethics pursuant to its authority under title IV of the Ethics in Government Act is amending 5 CFR part 2635 as follows:

PART 2635--[AMENDED]

1. The authority citation for part 2635 continues to read as follows:

Authority: 5 U.S.C. 7351, 7353; 5 U.S.C. App. (Ethics in Government Act of 1978); E.O. 12674, 54 FR 15159, 3 CFR, 1989 Comp., p. 215, as modified by E.O. 12731, 55 FR 42547, 3 CFR, 1990 Comp., p. 306.

2. The notes following both Secs. 2635.403(a) and 2635.803 are amended by adding a new sentence at the end to read as follows:

Note: \* \* \* Provided, that for those agencies listed in appendix A to this part, the grace period for any such existing provisions shall be extended for an additional year until February 3, 1995 (for a total of two years after the effective date of this part) or until issuance by each individual agency concerned of a supplemental regulation, whichever occurs first.

3. A new appendix A is added at the end of part 2635 to read as follows:

Appendix A to Part 2635--Agencies Entitled to Additional One-Year Grace Period Extension Pursuant to Notes Following Secs. 2635.403(a) and 2635.803

1. Department of the Treasury
2. Federal Deposit Insurance Corporation
3. Department of Energy
4. Federal Energy Regulatory Commission

5. Department of the Interior
6. Department of Commerce
7. Department of Justice
8. Federal Communications Commission
9. Department of Veterans Affairs
10. Farm Credit Administration
11. ACTION
12. Securities and Exchange Commission
13. Office of Personnel Management
14. Thrift Depositor Protection Oversight Board
15. United States Information Agency
16. Occupational Safety and Health Review Commission
17. Department of State
18. Department of Labor
19. National Science Foundation
20. Small Business Administration
21. Department of Health and Human Services
22. Nuclear Regulatory Commission
23. Federal Labor Relations Authority
24. Department of Transportation
25. Pension Benefit Guaranty Corporation
26. Export-Import Bank of the United States
27. Department of Education
28. Environmental Protection Agency
29. Committee for Purchase from People Who Are Blind or Severely Disabled
30. National Transportation Safety Board
31. General Services Administration
32. Board of Governors of the Federal Reserve System
33. National Aeronautics and Space Administration
34. United States Postal Service
35. National Labor Relations Board
36. Equal Employment Opportunity Commission
37. Inter-American Foundation
38. Resolution Trust Corporation
39. Department of Housing and Urban Development
40. National Archives and Records Administration
41. Peace Corps
42. Federal Maritime Commission
43. Tennessee Valley Authority
44. Defense Nuclear Facilities Safety Board
45. Consumer Product Safety Commission
46. Executive Office of the President
47. Department of Agriculture
48. Federal Mine Safety and Health Review Commission
49. National Endowment for the Humanities

- 50. Federal Retirement Thrift Investment Board
- 51. Office of Management and Budget
- 52. Agency for International Development

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