

FOMC Policy on Investment and Trading for Committee Participants and Federal Reserve System Staff

Adopted February 17, 2022, as amended effective January 28, 2025

I. PURPOSE AND SCOPE

The Federal Open Market Committee (the “Committee” or “FOMC”) is committed to upholding the highest standards of ethical conduct. Public trust is critical to the successful execution of the Committee’s monetary policy responsibilities. To ensure public confidence in the impartiality, integrity, and successful execution of the Committee’s monetary policy responsibilities, the Committee imposes the following restrictions on the investment and trading activities of Committee participants and Federal Reserve System staff.

This policy includes: 1) Investment restrictions for all Federal Reserve System (“System”) employees with access to confidential FOMC information, 2) a financial trading blackout for System employees with knowledge of certain Class I FOMC information, and 3) investment and trading policies for covered individuals, as defined below:

Covered individuals are:

- (1) A Board member;
- (2) A Federal Reserve Bank president;
- (3) A Federal Reserve Bank first vice president;
- (4) A Committee staff officer, as described in section 5(a) of the Committee Rules of Organization;
- (5) A Federal Reserve Bank research director;
- (6) The Manager and Deputy Manager of the System Open Market Account;
- (7) Board Division Directors who regularly attend Committee meetings;
- (8) System staff who regularly and materially advise FOMC participants on the conduct of monetary policy; or
- (9) Any other individual that the Chair of the Committee designates as a covered individual for part or all of this policy.

II. DEFINITIONS

For purposes of this policy, the following definitions apply:

529 plan means a “qualified tuition program” as that term is defined under section 529 of the Internal Revenue Code (26 U.S.C. 529) or a similar tuition program offered by another country.

Agency security means an obligation that is a direct obligation of, or is fully guaranteed as to principal and interest by, any agency of the United States, including the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae), and Federal Home Loan Mortgage Corporation (Freddie Mac).

Board means the Board of Governors of the Federal Reserve System.

Committee or *FOMC* means the Federal Open Market Committee.

Commodity has the meaning of the term in section 1a of the Commodity Exchange Act (7 U.S.C. 1a).

Covered trust

(1) A “covered trust” is a trust in which a covered individual or a covered individual’s spouse is the trustee or fiduciary of the trust, or otherwise exercises discretionary authority or control over the trust’s assets.

(2) The term “covered trust” does not include a trust that has received a waiver from the Board’s Designated Agency Ethics Official, in consultation with the relevant Reserve Bank ethics official where applicable.

Cryptocurrency means a digital asset that uses cryptographic techniques and is designed to work as a medium of exchange.

Debt security means any security that is not an equity security (including a corporate bond, municipal bond, and asset-backed security).

Derivative transaction means a futures contract, swap, warrant, note, option, or other agreement that is based, in whole or in part, on the value of one or more commodities, securities, currencies, interest or other rates, indices, or other assets.

Federal Reserve Bank or *Reserve Bank* means one of the District Banks authorized by the Federal Reserve Act, 12 U.S.C. 222, including any branch of any such bank.

Foreign currency means the coin and paper money of any country other than the United States that is designated as legal tender and that circulates and is customarily used and accepted as a medium of

exchange in the country of issuance. Foreign currency also includes a bank account denominated in a foreign currency.

Health savings account has the meaning of the term in section 223 of the Internal Revenue Code (26 U.S.C. 223).

Prediction market means a market where individuals can trade contracts that pay based on the outcomes of future events.

Qualifying automatic trade means a trade that happens on a periodic, pre-determined basis in connection with a transaction that is permissible under this policy. Examples of qualifying automatic trades include but are not limited to (i) an automatic dividend reinvestment plan; and (ii) periodic automatic contributions to, or automatic rebalancing within, a 529 plan, 401(k) or 403(b) plan, defined benefit or defined contribution retirement plans, or mutual funds.

Sector fund means a fund that has a stated policy of concentrating its investments in an industry, business, single country other than the United States, or bonds of a single State within the United States.

Security means stocks; bonds; debentures; notes; Treasury bills, bonds, or notes (but not U.S. savings bonds); or other similar obligations.¹

Short sale has the meaning of the term in 17 CFR 242.200(a).

Treasury bonds and notes means bonds or notes with a maturity of more than one year issued by the U.S. Treasury pursuant to 31 U.S.C. chapter 31. Treasury bonds and notes do not include U.S. savings bonds or Treasury bills with maturities of one year or less.

III. INVESTMENT RESTRICTIONS FOR ALL FEDERAL RESERVE SYSTEM EMPLOYEES WITH ACCESS TO CONFIDENTIAL FOMC INFORMATION

(a) All System employees with access to confidential FOMC information should avoid engaging in any securities transaction that would create the appearance of acting on inside information concerning Federal Reserve deliberations and actions.

(b) In order to avoid the appearance of acting on insider information, all System employees approved for access to any level of confidential FOMC information (and their spouse and minor children) should not knowingly:

¹ The inclusion of Treasury bills in the definition of "Security" is effective June 30, 2025.

(1) Hold derivatives tied to short-term interest rates such as the federal funds rate, or directly tied to FOMC actions; or

(2) Place bets (via prediction markets or otherwise) on FOMC actions.

(c) Additionally, Federal Reserve ethics rules prohibit an employee with regular, ongoing access to information that is classified as “Class I FOMC – Restricted Controlled (FR)” (and that employee’s spouse and minor children) from owning or controlling, directly or indirectly, any debt or equity interest in a primary government securities dealer or any of its affiliates, except as described in the Board’s ethics rules (5 C.F.R. § 6801.103) and the Reserve Banks’ Codes of Conduct.

IV. FINANCIAL TRADING BLACKOUT FOR FEDERAL RESERVE SYSTEM EMPLOYEES WITH KNOWLEDGE OF CERTAIN CLASS I FOMC INFORMATION

(a) An employee with knowledge of information that is classified as “Class I FOMC – Restricted Controlled (FR)” should avoid engaging in any financial transaction the timing of which could create the appearance of acting on inside information concerning Federal Reserve deliberations and actions. In order to avoid even the appearance of acting on confidential FOMC information, a System employee who has knowledge of information that is classified as “Class I FOMC – Restricted Controlled (FR)” and that is related to the previous or upcoming FOMC meeting should not knowingly:

(1) Submit an order for the purchase or sale of any security (including any interest in the Thrift Plan for Employees of the Federal Reserve System, but not including shares of a money market mutual fund or, if necessary, untaxed distributions from 529 plans, health savings accounts, or other similar accounts) during the period that begins at 12:00 a.m. Eastern Time the second Saturday before a meeting² and ends at 11:59 p.m. Eastern Time the day after a meeting.³

(2) Sell any security the System employee has held for less than 45 days, other than shares of a money market mutual fund.

(b) The execution of a purchase or sale order by an employee’s financial institution (for example, a broker-dealer) during the period described above does not constitute a violation of this policy if the purchase or sale order was submitted by the employee before the beginning of that period. System employees with knowledge of information that is classified as “Class I FOMC – Restricted Controlled

² In the event that the second Friday before the FOMC meeting is a federal holiday, the restricted period will begin at 12:00 a.m. Eastern Time of that Friday.

³ This period is the same as the communications blackout period specified in the FOMC Policy on External Communications of Committee Participants and the FOMC Policy on External Communications of Federal Reserve System Staff, which are available at https://www.federalreserve.gov/monetarypolicy/rules_authorizations.htm.

(FR)” and that is related to the previous or upcoming FOMC meeting should make every effort to ensure that the financial transactions of their spouse and dependent children (and anyone acting on behalf of the employee, spouse, or dependent children) comply with these restrictions. A System employee who is also a covered individual is subject to additional restrictions as defined below.

(c) The FOMC General Counsel shall direct all covered individuals, as well as a sample of all other System employees with knowledge of information that is classified as “Class I FOMC – Restricted Controlled (FR)”, to submit copies of any brokerage statements, or other securities transaction statements, they (or their spouse or dependent children) have received.

(d) The Board’s Designated Agency Ethics Official may grant a written waiver from part or all of the requirements of section (IV) if such waiver would be consistent with the purposes of this policy.

V. INVESTMENT AND TRADING POLICIES FOR COVERED INDIVIDUALS

The following restrictions shall apply to System employees designated as covered individuals, as well as their spouses and minor children.

In addition to this policy, covered individuals and their spouses and minor children must continue to comply with other applicable ethics laws, rules, or policies.

SECTION 1—Investment Restrictions

(a) *Prohibitions.*

(1) A covered individual, a covered individual’s spouse, and a covered individual’s minor children must not own or control, directly or through an investment fund having a stated policy of concentrating in such assets—

(i) Treasury bonds and notes;

(ii) Agency securities;

(iii) Cryptocurrencies;

(iv) Commodities; or

(v) Foreign currencies.

(2) A covered individual, a covered individual’s spouse, and a covered individual’s minor children must not own or control individual debt securities.

(3) A covered individual, a covered individual’s spouse, and a covered individual’s minor children must not be a counterparty to a derivative transaction.

(4) A covered individual, a covered individual's spouse, and a covered individual's minor children must not engage in short sales or purchase or carry a security on margin.

(b) *Covered trusts.* The prohibitions and requirements in this section apply to covered trusts in the same manner as covered individuals.

(c) *Exceptions.* The prohibitions in this section do not apply to—

(1) Shares of a money market mutual fund concentrating in U.S. government securities;

(2) Equity securities and equity options of a covered individual's spouse that are acquired or held in connection with the spouse's employment;

(3) Assets held in—

(i) A defined benefit retirement plan; or

(ii) A defined contribution retirement plan established by the federal government;

(4) Commodities that are owned for noninvestment purposes; and

(5) Foreign currencies that are owned for noninvestment purposes.

(d) *Divestitures.*

(1) *Ongoing divestiture periods.*

(i) Covered individuals (and their spouses and minor children) who acquire ownership or control of investments that are prohibited under this section through inheritance, gift, merger, acquisition, or other change in corporate structure, or otherwise without specific intent to acquire the investment must dispose of such investments within 6 months of acquisition.

(ii) Individuals who become covered individuals must dispose of all investments that are prohibited under this section, including impermissible investments of their spouse or minor children, no later than 6 months after the date they become covered individuals.

(2) Paragraph (d)(1) does not supersede other ethics laws, rules, or policies that may require a covered individual, a covered individual's spouse, or a covered individual's minor children to dispose of certain investments immediately or under time periods shorter than those described above.

(e) *Waivers.*

(1) The Board's Designated Agency Ethics Official, in consultation with the applicable Reserve Bank ethics officer, may grant a written waiver permitting a covered individual, a covered individual's

spouse, or a covered individual's minor children to own or control an investment prohibited under this section if—

- (i) Unusual and exigent circumstances exist; and
- (ii) The covered individual makes a prompt and complete written disclosure of the investment to the Board's Designated Agency Ethics Official and, if the covered individual is a Reserve Bank employee, the applicable Reserve Bank ethics officer.

(2) The Board's Designated Agency Ethics Official may grant a written waiver exempting categories of assets or transactions from part or all of the requirements in this section if such waiver would be consistent with the purpose of this policy.

SECTION 2—Trading Restrictions

(a) *Prohibition on purchases of individual equity securities and sector funds.* A covered individual, a covered individual's spouse, and a covered individual's minor children must not purchase individual equity securities or interests in a sector fund.

(b) *Minimum holding period.*

(1) A covered individual, a covered individual's spouse, and a covered individual's minor children:

- (i) must hold all investments in Treasury bills to maturity; and
- (ii) must not sell any other security for one year after the date on which the security was purchased.

(2) The holding period requirements in paragraph (b)(1) do not apply to sales of securities that are impermissible investments under this policy or other applicable ethics laws, rules, or policies.

(c) *Procedures for execution of trades.*

(1) *Advance notice.*

(i) A covered individual must provide a minimum of 45-days' non-retractable advance notice to the Board's Designated Agency Ethics Official before the covered individual, the covered individual's spouse, or the covered individual's minor child purchases or sells a security. The advance notice must identify the security that will be sold or purchased, the amount or value of the security that will be traded, and a trade date window of no more than 7 calendar days for the transaction.

(ii) Covered individuals who are employed by a Federal Reserve Bank also must provide 45-days' advance notice, as described in paragraph (c)(1)(i), to their Reserve Bank ethics officer.

(iii) In all cases, when complying with this paragraph (c)(1), covered individuals must not—

(A) Specify a trade date window that occurs during the trading blackout periods in sections 2(d) and (e); and

(B) Submit an advance notice during the trading blackout periods in sections 2(d) and (e).

(2) *Pre-clearance.*

(i) After receiving a notice as described in paragraph (c)(1), the Board's Designated Agency Ethics Official and, where applicable, Reserve Bank ethics officer will review the proposed trade for compliance with this policy and other applicable ethics laws, rules, and policies.

(ii) A covered individual, a covered individual's spouse, and a covered individual's minor children are prohibited from executing a purchase or sale of a security unless the Board's Designated Agency Ethics Official and, where applicable, Reserve Bank ethics officer has cleared the proposed trade.

(iii) A covered individual, a covered individual's spouse, and a covered individual's minor children must execute an approved trade during the trade date window provided in the advance notice.

(3) *Exception for certain divestitures to ensure ethics compliance.* The requirements of paragraphs (c)(1) and (2) apply to sales of securities that are necessary to bring a covered individual, a covered individual's spouse, or a covered individual's minor children into compliance with this policy but do not apply to sales of securities that are necessary for compliance with other ethics laws, rules, or policies.

(d) *Trading blackout during financial market stress periods.*

(1) During financial market stress periods, a covered individual, a covered individual's spouse, and a covered individual's minor children must not purchase or sell any security, unless the trade was cleared pursuant to section 2(c) prior to the beginning of the financial market stress period.

(2) The general counsel of the Board, in consultation with the Board Chair, will determine the beginning and end dates of any financial market stress period and will promptly communicate such beginning and end dates to covered individuals and Reserve Bank ethics officers.

(e) *Trading blackout around FOMC meetings.* Covered individuals must comply with the Financial Trading Blackout for Federal Reserve System Employees with Knowledge of Certain Class I FOMC Information as described in section (IV).

(f) *Covered trusts.* The prohibitions and requirements in this section apply to covered trusts in the same manner as covered individuals.

(g) *Retirement plans.* The prohibitions and requirements in section 2(a) through 2(d) do not apply to trades that covered individuals (and their spouses and minor children) make in connection with their participation in—

- (1) A defined benefit retirement plan; or
- (2) A defined contribution retirement plan established by the federal government.

(h) *Exempted trades.*

- (1) The prohibition in section 2(a) does not apply to transactions involving—
 - (i) Equity securities and equity options of a covered individual's spouse that are acquired or held in connection with the spouse's employment; and
 - (ii) Equity securities issued by small businesses, including small family farms.
- (2) The requirements in section 2(b) through (d) do not apply to transactions involving—
 - (i) Shares of a money market mutual fund;
 - (ii) Qualifying automatic trades; and
 - (iii) Untaxed distributions from 529 plans, health savings accounts, or other similar accounts.

(i) *Waivers.*

- (1) The Board's Designated Agency Ethics Official, in consultation with the applicable Reserve Bank ethics officer, may grant a written waiver permitting a covered individual, a covered individual's spouse, or a covered individual's minor children to purchase or sell a security without complying with the requirements in this section if—
 - (i) Unusual and exigent circumstances exist; and
 - (ii) The covered individual makes a prompt and complete written disclosure of the transaction to the Board's Designated Agency Ethics Official and, if the covered individual is a Reserve Bank employee, the applicable Reserve Bank ethics officer.
- (2) The Board's Designated Agency Ethics Official may grant a written waiver exempting categories of assets or transactions from part or all of the requirements in this section if such waiver would be consistent with the purpose of this policy.

SECTION 3—Reporting and Disclosure

(a) *Periodic transaction reports for Reserve Bank presidents.* Consistent with the requirement for Board members, Reserve Bank presidents must file Periodic Transaction Reports (which are

substantively identical to the reports required under 5 CFR 2634.309) with their Reserve Bank ethics officer, and, at the same time, the Board's Designated Agency Ethics Official within 30 days of receiving notification of a transaction but not later than 45 days after the transaction.

(b) *Disclosure of reports.* Any Periodic Transaction Report and annual financial disclosure reports filed by a Reserve Bank president must be promptly posted on the public website of the relevant Reserve Bank.