

# Working with 208 Exemptions

UNITED STATES OFFICE OF  
**GOVERNMENT ETHICS**



Preventing Conflicts of Interest  
in the Executive Branch

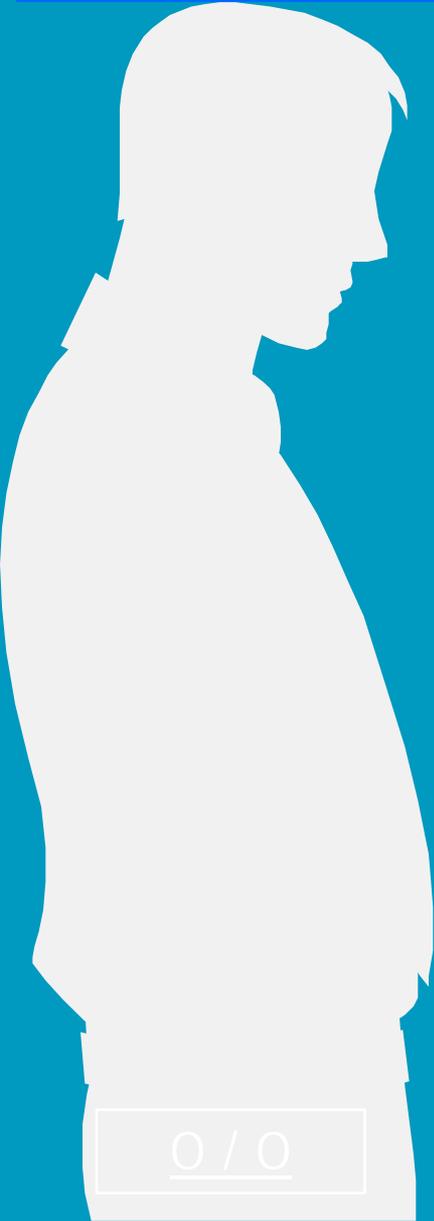
Kim Kaplan and Mark Stewart

United States Office of Government Ethics

# Announcements



# Test Your Knowledge



Bob, a federal employee, will be writing a finance regulation that will affect all electric utilities. Bob owns \$500 worth of Evergreen Electric Company Stock.

Bob may not work on the regulation because he has a potential conflict of interest under 18 U.S.C. 208.

1. Yes
2. No
3. Need more information

# Presentation Overview

- OGE's interpretation of 18 U.S.C. 208
- De minimis exemptions for mutual funds
- De minimis exemptions for publicly traded securities

## OGE 208 Implementing Regulations

- 5 C.F.R. part 2640
  - Subpart A, General Provisions
  - Subpart B, 208(b)(2) Exemptions
  - Subpart C, Individual Waivers
- 5 C.F.R. part 2635, subpart D
  - Prior OGE guidance on 208

# Conflict of Interest

18 U.S.C. 208

- Government employees are prohibited from participating personally and substantially in a **particular government matter** that will have a direct and predictable effect on **their financial interests**, **including** the financial interests **of others**, which are attributed to the federal employee.

Purpose:

To prevent financial interests from affecting official actions

# Must Be Working on a “Particular Matter”

Includes:

- Matters involving specific parties (contracts, grants, litigation, etc.)
- Matters of general applicability (regulations, policies, etc. that focus on the interests of a discrete and identifiable class of persons)

# Interests – More than Just the Employee's

Spouse

Minor child

General partner

Interests of certain other organizations

# Presentation Overview

- OGE's interpretation of 18 U.S.C. 208
- De minimis exemptions for mutual funds
- De minimis exemptions for publicly traded securities

## § 2640.201 Exemptions for interests in mutual funds, unit investment trusts, and employee benefit plans

- (a) *Diversified mutual funds and unit investment trusts.* An employee may participate in **any particular matter** affecting one or more holdings of a diversified mutual fund or a diversified unit investment trust where the disqualifying financial interest in the matter arises because of the ownership of an interest in the fund or trust.

## § 2640.201 Exemptions for interests in mutual funds, unit investment trusts, and employee benefit plans

- (b) *Sector mutual funds.* (1) An employee may participate in **any particular matter** affecting one or more **holdings** of a sector mutual fund where the affected holding is **not invested in the sector** in which the fund concentrates, and where the disqualifying financial interest in the matter arises because of ownership of an interest in the fund.

## § 2640.201 Exemptions for interests in mutual funds, unit investment trusts, and employee benefit plans

- (2)(i) An employee may participate in a **particular matter** affecting one or more **holdings** of a sector mutual fund where the disqualifying financial interest in the matter arises because of ownership of an interest in the fund and the **aggregate market value** of interests in any sector fund or funds **does not exceed \$50,000**.

## § 2640.201 Exemptions for interests in mutual funds, unit investment trusts, and employee benefit plans

- (ii) For purposes of **calculating** the \$50,000 de minimis amount in paragraph (b)(2)(i) of this section, an employee must **aggregate** the market value of **all sector mutual funds** in which he has a disqualifying financial interest and that concentrate in the **same sector** and have one or more holdings that may be affected by the particular matter.

# Mutual Funds

- Diversified Mutual Funds

1. No stated policy of concentrating in any one industry, sector, country outside of the United States, or the bonds of any State
  - No value limit
  - % invested in affected holding does not matter

- Sector Mutual Funds

1. Affected holding is not in the sector in which the fund concentrates
  - No value limit
  - % invested in affected holding does not matter
2. All sector funds concentrating in the disqualifying sector that have one or more holdings that may be affected
  - Aggregate of \$50,000 or less
  - % invested in affected holding does not matter

# Exemptions for mutual funds

The CIO of your agency will be working on a new telecommunications contract for cellular phone service. The CIO's investment portfolio consists of:

- \$200,000 invested in the Wells Fargo Advantage Endeavor Select Fund
- \$50,000 invested in the JPMorgan Large Cap Value Select Fund
- \$12,000 invested in Vanguard Information Technology Index
- \$75,000 invested in iShares Dow Jones U.S. Financial Sector Index Fund

Scenario

# Exemptions for mutual funds



Is it a *mutual fund*?

# 1

## Is it a *mutual fund*?

*Mutual fund* means an entity which is registered as a management company under the Investment Company Act of 1940, as amended (15 U.S.C. 80a-1 et seq. ). For purposes of this part, the term mutual fund includes open-end and closed-end mutual funds and registered money market funds.



5 CFR § 2640.102(k)

# Wells Fargo Advantage Endeavor Select A (STAEX)

More On STAEX

QUOTES

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Basic Tech. Analysis

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## WELLS FARGO ADVANTAGE ENDEAVOR

Net Asset Value:	<b>9.82</b>	Prev Close:	<b>9.82</b>
Trade Time:	<b>Jun 27</b>	YTD Return*:	<b>6.88%</b>
Change:	<b>↑ 0.12 (1.24%)</b>	Net Assets*:	<b>1.28B</b>
		Yield*:	<b>N/A</b>

\* As of 31-May-11

Quotes delayed, except where indicated otherwise. Currency in USD.

## Headlines

[Filter Headlines](#)

- No Headlines available for STAEX at this time.

JPMorgan Large Cap Value Fund Select HLQVX

Market Close Date: July 22, 2011

Net Asset Value:	\$11.3700	Change Net / %:	-0.02 ▼ -0.18%
Previous NAV:	\$11.39	Ask:	\$11.3700

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Vanguard Information Technology Idx Adm (MUTF:VITAX) [Watch this mutual fund](#)

**33.69** **+0.41 (1.23%)**

Jul 22, 4:00PM EDT Overall Morningstar Rating™ ★★★★★



1

## Is it a *mutual fund*?

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Pay attention to the ticker symbol!

Wells Fargo Advantage Endeavor Select Fund: STAEX

JPMorgan Large Cap Value Select Fund: HLQVX

Vanguard Information Technology Index: VITAX

- 5 letters
- Last letter is X

# iShares Dow Jones US Financial Sector (IYF)

(IYF)

?????

More On IYF

QUOTES

Summary

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Options

Historical Prices

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Market Pulse **NEW!**

ETF

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## iShares Dow Jones U.S. Financia (NYSEArca: IYF )

REAL-TIME 56.24 ↓ 0.25 (0.44%) 1:39PM EDT

Last Trade:	<b>56.23</b>	Day's Range:	<b>55.68 - 56.30</b>
Trade Time:	<b>1:25PM EDT</b>	52wk Range:	<b>48.13 - 61.61</b>
Change:	<b>↓ 0.26 (0.46%)</b>	Volume:	<b>200,934</b>
Prev Close:	<b>56.49</b>	Avg Vol (3m):	<b>364,203</b>
Open:	<b>55.92</b>	YTD Return (Mkt) <sup>2</sup> :	<b>-1.45%</b>
Bid:	<b>56.23 x 7000</b>	Net Assets <sup>2</sup> :	<b>487.35M</b>
Ask:	<b>56.25 x 200</b>	P/E (ttm) <sup>2</sup> :	<b>13</b>
NAV <sup>1</sup> :	<b>53</b>	Yield (ttm) <sup>2</sup> :	<b>1.25</b>

<sup>1</sup>As of Oct 6, 2010

<sup>2</sup>As of Jun 30, 2011

People viewing **IYF** also viewed:

**SLV IYW IYM XLF IYE C**

Quotes delayed, except where indicated otherwise. Currency in USD.



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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM N-Q**

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**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-09729

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**iShares Trust**

(Exact name of registrant as specified in charter)

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c/o: State Street Bank and Trust Company  
200 Clarendon Street, Boston, MA 02116-5021  
(Address of principal executive offices) (Zip code)

The Corporation Trust Company  
1209 Orange Street, Wilmington, DE 19801  
(Name and address of agent for service)

## Notes to Schedules of Investments (Unaudited)

### *iSHARES® TRUST*

iShares Trust (the “Trust”) is registered under the **Investment Company Act of 1940**, as amended (the “1940 Act”), as an open-end management investment company. The Trust was established as a Delaware statutory trust pursuant to an Agreement and Declaration of Trust dated December 16, 1999.

These notes relate only to the schedules of investments for the iShares Cohen & Steers Realty Majors, iShares Dow Jones International Select Dividend, iShares Dow Jones Select Dividend, iShares Dow Jones Transportation Average, iShares Dow Jones U.S., iShares Dow Jones U.S. Aerospace & Defense, iShares Dow Jones U.S. Basic Materials Sector, iShares Dow Jones U.S. Broker-Dealers, iShares Dow Jones U.S. Consumer Goods Sector, iShares Dow Jones U.S. Consumer Services Sector, iShares Dow Jones U.S. Energy Sector, iShares Dow Jones U.S. Financial Sector, iShares Dow Jones U.S. Financial Services, iShares Dow Jones U.S. Healthcare Providers, iShares Dow Jones U.S. Healthcare Sector, iShares Dow Jones U.S. Home Construction, iShares Dow Jones U.S. Industrial Sector, iShares Dow Jones U.S. Insurance, iShares Dow Jones U.S. Medical Devices, iShares Dow Jones U.S. Oil & Gas Exploration & Production, iShares Dow Jones U.S. Oil Equipment & Services, iShares Dow Jones U.S. Pharmaceuticals, iShares Dow Jones U.S. Real Estate, iShares Dow Jones U.S. Regional Banks, iShares Dow Jones U.S. Technology Sector, iShares Dow Jones U.S. Telecommunications Sector, iShares Dow Jones U.S. Utilities Sector, iShares FTSE EPRA/NAREIT Developed Asia, iShares FTSE EPRA/NAREIT Developed Europe, iShares FTSE EPRA/NAREIT Developed Real Estate ex-U.S., iShares FTSE EPRA/NAREIT North America, iShares FTSE NAREIT Industrial/Office Capped, iShares FTSE NAREIT Mortgage Plus Capped, iShares FTSE NAREIT Real Estate 50, iShares FTSE NAREIT Residential Plus Capped, iShares FTSE NAREIT Retail Capped, iShares Morningstar Large Core, iShares Morningstar Large Growth, iShares Morningstar Large Value, iShares Morningstar Mid Core, iShares Morningstar Mid Growth, iShares Morningstar Mid Value, iShares Morningstar Small Core, iShares Morningstar Small Growth, iShares Morningstar Small Value, iShares MSCI KLD 400 Social (formerly iShares FTSE KLD 400 Social Index Fund) and iShares MSCI USA ESG Select Social (formerly iShares FTSE KLD Select Social Index Fund) Index Funds (each, a “Fund,” collectively, the “Funds”).

### ***1. SIGNIFICANT ACCOUNTING POLICIES***

S-1 1 g04054sv1.htm GREENHAVEN CONTINUOUS COMMODITY INDEX FUND

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON November 3, 2006

REGISTRATION NO. 333-\_\_\_\_\_

REGISTRATION NO. 333-\_\_\_\_\_

**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM S-1**

REGISTRATION STATEMENT  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**GREENHAVEN CONTINUOUS COMMODITY INDEX FUND**  
**GREENHAVEN CONTINUOUS COMMODITY INDEX MASTER FUND**

(Rule 140 Co-Registrant)  
(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State of Organization)

6779  
(Primary Standard Industrial  
Classification Code Number)

00000000 (I.R.S. Employer  
Identification Number)

c/o GreenHaven Commodity Services  
3340 Peachtree Road, Suite 1910

c/o GreenHaven Commodity Services  
3340 Peachtree Road, Suite 1910

# Exemptions for mutual funds



Will the particular matter affect only the holdings of the mutual fund, not the fund as an entity?

# Exemptions for mutual funds



Is it diversified or sector?

Does the mutual fund have 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?

# Wells Fargo Advantage Endeavor Select Fund: STAEX

## Performance & Risk

YTD Return:	<b>6.88%</b>
5y Avg Return:	<b>2.89%</b>
Rank in Category (ytd):	<b>59</b>
% Rank in Category (ytd):	<b>3.44%</b>
Beta (3y):	<b>1.04</b>
Morningstar Risk Rating:	<b>4</b>

[Performance Details](#) | [Risk Details](#)

## Fund Summary

The investment seeks long-term capital appreciation. The fund normally invests at least 80% of total assets in equity securities and up to 25% of total assets in foreign securities through ADRs and similar investments. It principally invests in the equity securities of approximately 30 to 40 companies that offer the potential for capital growth. The fund selects equity securities of any size. It may use futures, options or swap agreements, as well as other derivatives, to manage risk or to enhance return. The fund is non-diversified. [View More](#)

[Fund Profile](#)

# Test *Your* Knowledge

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The investment seeks long-term capital appreciation. The fund normally invests at least 80% of total assets in equity securities and up to 25% of total assets in foreign securities through ADRs and similar investments. It principally invests in the equity securities of approximately 30 to 40 companies that offer the potential for capital growth. The fund selects equity securities of any size. It may use futures, options or swap agreements, as well as other derivatives, to manage risk or to enhance return. The fund is non-diversified.

DIVERSIFIED OR SECTOR FUND?



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## Individual Investor

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- Investing Basics

- Money Market Funds
- Bond Funds
- Asset Allocation Funds
- Stock Funds**
  - **Large Cap**
  - Small/Mid Cap
  - International
  - Specialty
  - Load Funds

**GET A QUOTE**

Symbol

**New**  
**AdvantageVoice<sup>SM</sup>**  
*Opening the door to investment conversations*

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 [Fund Profiles](#) > 
 [Stock Funds](#)

### Wells Fargo Advantage Endeavor Select Fund – STAEX

Class A

CUSIP	949915599
Share Price 06-27-11	9.82
Daily Change	0.12
YTD Return	0.82%
Morningstar Category	Large Growth
Inception Date	12-29-2000
Fund Number	3310
Net Fund Assets as of 05-31-2011	\$1,284,661,724.81
Overall Morningstar Rating™ (out of 1482 funds) as of 05-31-2011	★★ <a href="#">View Details</a>

Select a Different Fund

**More Information**

- [View the sales charge guide.](#)
- [Learn how to reduce or eliminate sales charges.](#)
- [Download the fund's full prospectus or summary prospectus.](#)
- [View the fund's fact sheet.](#)

[PRINTER FRIENDLY PROFILE](#)

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Select a Share Class

CLICK ON THE TABS BELOW FOR ADDITIONAL INFORMATION ON THIS FUND:

- Performance
- Fund Management
- Fund Holdings**
- Fund Facts

# JPMorgan Large Cap Value Select Fund: HLQVX

Fund Inception Date:	Mar 1, 1991
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## Morningstar Style Box

### Large Value

[View Category Definition]

### View Top Large Value Funds

About the Morningstar Style Box

			<b>Size</b>
			Large
			Medium
			Small
<b>Value</b>	<b>Blend</b>	<b>Growth</b>	<b>Investment Valuation</b>

## Management Information

### Alan Gutmann

Lead Manager since Sep 1, 2004

Alan Gutmann, vice president, is a portfolio manager in the large cap Active Value Strategy Team within the U.S. Equity Group. An employee since 2003, Alan was

## Fund Summary

The investment seeks capital appreciation with the incidental goal of achieving current income by investing primarily in equity securities. The fund normally invests at least 80% of assets in equity securities of large companies, including common stocks, and debt and preferred stocks which are convertible to common stock. Large companies are companies with market capitalizations equal to those within the universe of the Russell 1000® Value Index at the time of purchase. The fund invests primarily in common stocks.

## Fund Operations

Last Dividend (Jun 30, 2011) :	0.03
Last Cap Gain :	0.00
Annual Holdings Turnover (Jul 13, 2011) :	86.00%
Average for Category:	58.20%

## Fees & Expenses

Expense	HLQVX	Category Avg
Annual Report Expense Ratio (net):	0.85%	1.27%

# Test *Your* Knowledge

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The investment seeks capital appreciation with the incidental goal of achieving current income by investing primarily in equity securities. The fund normally invests at least 80% of assets in equity securities of large companies, including common stocks, and debt and preferred stocks which are convertible to common stock. Large companies are companies with market capitalizations equal to those within the universe of the Russell 1000 Value Index at the time of purchase. The fund invests primarily in common stocks.

DIVERSIFIED OR SECTOR FUND?

# Vanguard Information Technology Index: VITAX

## **Strategy and policy**

### **Investment strategy**

The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Investable Market Information Technology 25/50 Index, an index of stocks of large, medium-size, and small U.S. companies in the information technology sector, as classified under the Global Industry Classification Standard (GICS). This GICS sector is made up of companies in the following three general areas: technology software and services including companies that primarily develop software in various fields (such as the Internet, applications, systems, databases, management, and/or home entertainment), and companies that provide information technology consulting and services, data processing, and outsourced services; technology hardware and equipment, including manufacturers and distributors of communications equipment, computers and peripherals, electronic equipment, and related instruments; and semiconductors and semiconductor equipment manufacturers. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index. The fund may also sample its target index by holding stocks that, in the aggregate, are intended to approximate the index in terms of key characteristics, such as price/earnings ratio, earnings growth, and dividend yield. Typically, the fund will use a sampling strategy only if regulatory constraints or other considerations prevent it from replicating the index.

### **Investment policy**

# Test Your Knowledge

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The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Investable Market Information Technology 25/50 Index, an index of stocks of large, medium-size, and small U.S. companies in the information technology sector, as classified under the Global Industry Classification Standard (GICS). This GICS sector is made up of companies in the following three general areas: technology software and services including companies that primarily develop software in various fields (such as the Internet, applications, systems, databases, management, and/or home entertainment), and companies that provide information technology consulting and services, data processing, and outsourced services; technology hardware and equipment, including manufacturers and distributors of communications equipment, computers and peripherals, electronic equipment, and related instruments; and semiconductors and semiconductor equipment manufacturers.

DIVERSIFIED OR SECTOR FUND?

# iShares Dow Jones U.S. Financial Sector Index Fund: IYF

## Principal Investment Strategies

The Underlying Index measures the performance of the financial sector of the U.S. equity market. The Underlying Index includes companies in the following industry groups: banks, non-life insurance, life insurance, real estate and general finance.

As of May 31, 2010, the Underlying Index was concentrated in the banks industry group, which comprised 41% of the market capitalization of the Underlying Index.

BFA uses a “passive” or indexing approach to try to achieve the Fund’s investment objective. Unlike many investment companies, the Fund does not try to “beat” the index it tracks and does not seek temporary defensive positions when markets decline or appear overvalued.

Indexing may eliminate the chance that the Fund will substantially outperform the Underlying Index but also may

variability and yield) and liquidity measures similar to those of the Underlying Index. The Fund may or may not hold all of the securities in the Underlying Index.

The Fund generally invests at least 90% of its assets in securities of the Underlying Index and in depositary receipts representing securities of the Underlying Index. The Fund may invest the remainder of its assets in securities not included in the Underlying Index but which BFA believes will help the Fund track the Underlying Index, and in futures contracts, options on futures contracts, options and swaps as well as cash and cash equivalents, including shares of money market funds advised by BFA or its affiliates.

The Underlying Index is sponsored by an organization (the “Index Provider”) that is independent of the Fund and BFA. The Index Provider determines the composition and relative weightings of the securities in the Underlying Index and publishes information regarding the

# Test *Your* Knowledge

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The Underlying Index measures the performance of the financial sector of the U.S. equity market. The Underlying Index includes companies in the following industry groups: banks, non-life insurance, life insurance, real estate and general finance.

The Fund generally invests at least 90% of its assets in securities of the Underlying Index in depositary receipts representing securities of the Underlying index.

DIVERSIFIED OR SECTOR FUND?

August 25, 2000  
DO-00-030

# DO-00-030

MEMORANDUM

TO: Designated Agency Ethics Officials

FROM: F. Gary Davis  
Acting Director

SUBJECT: Diversified and Sector Mutual Funds

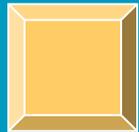
The Office of Government Ethics (OGE) is issuing this memorandum to provide guidance concerning the distinction between diversified mutual funds and sector mutual funds. This distinction is important for purposes of certain regulatory exemptions issued by OGE under the authority of 18 U.S.C. § 208(b)(2). OGE has received a number of requests from agency ethics officials for advice in this area. Moreover, OGE recently concluded a survey of agency experience and satisfaction with the regulatory exemptions, which are codified in subpart B of 5 C.F.R. part 2640. It was apparent from several of the responses that there was demand for legal and practical guidance concerning the application of the rules pertaining to diversified and sector mutual funds. The advice contained in this memorandum is an effort to meet that demand.

We note at the outset that this memorandum is intended only to provide general guidance. It is impossible not to take notice of the great number and variety of mutual funds on the market today.

# Exemptions for mutual funds



Wells Fargo Advantage  
Endeavor Select Fund



JPMorgan Large Cap Value  
Select Fund



Vanguard Information  
Technology Index



iShares Dow Jones U.S.  
Financial Sector Index Fund

status check

# Exemptions for mutual funds



4

Is the affected holding  
invested in the sector in which  
the fund concentrates?

# Test *Your* Knowledge

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Vanguard Information Technology Index: VITAX

Apple stock

In the *Sector* or Not?

# Test *Your* Knowledge

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iShares Dow Jones U.S. Financial Sector Index Fund

Apple, Motorola, Research in Motion....

In the *Sector* or Not?

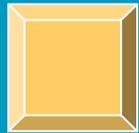
# Exemptions for mutual funds



Wells Fargo Advantage  
Endeavor Select Fund



JPMorgan Large Cap Value  
Select Fund



Vanguard Information  
Technology Index



iShares Dow Jones U.S.  
Financial Sector Index Fund

status check

# Exemptions for mutual funds



Is the **aggregate market value** of the employee's interests in all sector mutual funds that concentrate in the same sector and have one or more holdings that might be affected by the particular matter **\$50,000 or less**?

# Exemptions for mutual funds

\$12,000 invested in Vanguard Information  
Technology Index

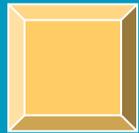
# Exemptions for mutual funds



Wells Fargo Advantage  
Endeavor Select Fund



JPMorgan Large Cap Value  
Select Fund



Vanguard Information  
Technology Index



iShares Dow Jones U.S.  
Financial Sector Index Fund

status check

# Presentation Overview

- OGE's interpretation of 18 U.S.C. 208
- De minimis exemptions for mutual funds
- De minimis exemptions for publicly traded securities

# § 2640.202 Exemptions for interests in securities.

- *(a) De minimis exemption for matters involving parties.* An employee may participate in any **particular matter** involving **specific parties** in which the disqualifying financial interest arises from the ownership by the employee, his spouse or minor children of **securities** issued by one or more entities affected by the matter, if:

## § 2640.202 Exemptions for interests in securities.

- (1) The securities are **publicly traded**, or are long-term Federal Government, or are municipal securities; and  
(2) The **aggregate market value** of the holdings of the employee, his spouse, and his minor children in the securities of all entities does not exceed **\$15,000**.

## § 2640.202 Exemptions for interests in securities.

- (c) *De minimis exemption for matters of general applicability.* (1) An employee may participate in any particular matter of general applicability, such as rulemaking, in which the disqualifying financial interest arises from the ownership by the employee, his spouse or minor children of securities issued by one or more entities affected by the matter, if:

## § 2640.202 Exemptions for interests in securities.

i) The securities are **publicly traded**, or are municipal securities, the market value of which does not exceed:

(A) **\$25,000** in any **one** such entity; and

(B) **\$50,000** in **all** affected entities; or

[...]

(2) For purposes of this paragraph (b), the value of securities owned by the employee, his spouse, and minor children must be **aggregated** in applying the exemption.

# Publicly Traded Securities

- De Minimus Securities
  - Specific party matters
    - No more than \$15,000 aggregate in all affected parties
    - No more than \$25,000 aggregate in all affected parties and non-parties.
  - Matters of General Applicability
    - No more than \$25,000 in one affected entity; no more than \$50,000 aggregate in all affected entities.

# Exemptions for publicly traded securities

Judy will be assigned to work on a regulation to set standards to reduce harmful bacteria at facilities that manufacture frozen dinners. Judy's husband and her 12 year old son inherited \$2,500 each in ConAgra stock last year when Judy's father-in-law died. Judy also has \$12,000 worth of stock in Nestlé.

- ConAgra Foods (manufacturer of Healthy Choice and Banquet frozen meals)
- Nestlé S.A. (manufacturer of Stouffers and Lean Cuisine frozen meals)

Scenario #1

# Exemptions for publicly traded securities



1

Does the employee, employee's spouse, or employee's minor child own securities issued by one or more entities affected by the matter?

# 1

## What is a *security*?

*Security* means common stock, preferred stock, corporate bond, municipal security, long-term Federal Government security, and limited partnership interest. The term also includes "mutual fund" for purposes of §2640.202(e) and (f) and §2640.203(a).



5 CFR § 2640.102(r)



# Exemptions for publicly traded securities



Are the affected securities publicly traded or long-term government securities or municipal securities?

# 1

## What is a *publicly traded security*?

A *security* (as defined in (r)) that is..."Registered with the Securities and Exchange Commission pursuant to section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78 ) and **listed on a national or regional securities exchange or traded through NASDAQ**"

5 CFR § 2640.102(p)(1)



Note to paragraph (p): National securities exchanges include the American Stock Exchange and the New York Stock Exchange. Regional exchanges include Boston, Cincinnati, Intermountain (Salt Lake City), Midwest (Chicago), Pacific (Los Angeles and San Francisco), Philadelphia (Philadelphia and Miami), and Spokane stock exchanges.

Google finance

Example: "CSCO" or "Google"

Company

ConAgra Foods, Inc. (Public, NYSE:CAG) [Watch this stock](#)

Summary

**26.40** -0.12 (-0.45%)  
Range 26.26 - 26.60 Mkt cap 10.79B Shares 408.89M  
52 week 21.02 - 26.60 P/E 13.87 Beta 0.73  
Open 26.26 Div/yield 0.23/3.48 Inst. own 69%  
Vol / Avg. 1.43M/5.27M EPS 1.90  
Real-time: 12:33PM EDT  
NYSE real-time data - [Disclaimer](#)  
Currency in USD

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Zoom: [1d](#) [5d](#) [1m](#) [3m](#) [6m](#) [YTD](#) [1y](#) [5y](#) [10y](#) [All](#)  
Jul 22, 2011 13:18 Price: 26.42 Vol: 33.84k



Volume (thous / 2min) 350 175

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Thu, May 6, 2010, 9:42AM EDT - U.S. Markets close in 6hrs 18mins

NSRGY.PK 46.82 +0.00

RYCEY.PK 42.05 +0.00

NSLYF.PK 11.50 +0.00

NESTLESL.BO 2,741.15 [settings](#)**NESTLE SA REG SHRS S (NSRGY.PK)**May 5: **46.82** 0.00 (0.00%)

## More On NSRGY.PK

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**NESTLE SA REG SHRS S (Other OTC: NSRGY.PK)**

Online \$7 Trades! Click to find out more!

Last Trade:	<b>46.82</b>	Day's Range:	<b>N/A - N/A</b>
Trade Time:	<b>May 5</b>	52wk Range:	<b>34.02 - 51.63</b>
Change:	<b>0.00 (0.00%)</b>	Volume:	<b>0</b>
Prev Close:	<b>46.82</b>	Avg Vol (3m):	<b>559,316</b>
Open:	<b>N/A</b>	Market Cap:	<b>N/A</b>
Bid:	<b>N/A</b>	P/E (ttm):	<b>N/A</b>
Ask:	<b>N/A</b>	EPS (ttm):	<b>N/A</b>
1y Target Est:	<b>57.05</b>	Div & Yield:	<b>N/A (N/A)</b>

Quotes delayed, except where indicated otherwise. Currency in USD.



1d 5d 3m 6m 1y 2y 5y max

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### Introduction

Nestlé S.A. ("Nestlé") is a Swiss stock traded in the United States in the form of American Depositary Receipts (ADRs). The ADRs are based on Nestlé registered shares that trade in Zurich. This site is intended to provide information related to Nestlé ADRs.

[Nestlé Stock Ticker – ir.nestle.com](http://ir.nestle.com)

[Nestlé S.A. – Key Facts for ADR Holders](#)

[Nestlé Stock Quotes – ADR Stock Quote Information](#)

[Nestlé Purina PetCare Company – Key Facts for Purina Shareholders](#)

Disclaimer: The information on this page does not constitute advice by Nestlé USA, Inc. and does not constitute an offer to either sell or purchase Nestlé ADRs.

# Exemptions for publicly traded securities



Will the employee be participating in a particular matter involving specific parties or a particular matter of general applicability?

<b>Matters involving Specific Parties</b>	<b>Matters of General Applicability</b>
<ul style="list-style-type: none"><li>• No more than \$15,000 aggregate in all affected parties</li><li>• No more than \$25,000 aggregate in all affected parties and non-parties.</li></ul>	<ul style="list-style-type: none"><li>• No more than \$25,000 in one affected entity; no more than \$50,000 aggregate in all affected entities.</li></ul>

Summarized from 5 CFR § 2640.202

# Test *Your* Knowledge

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Judy will be assigned to work on a regulation to set standards to reduce harmful bacteria at facilities that manufacture frozen dinners.

Is this...

1. A Particular Matter Involving Specific Parties
2. A Particular Matter of General Applicability
3. Not a Particular Matter

## **Matters involving Specific Parties**

- No more than \$15,000 aggregate in all affected parties
- No more than \$25,000 aggregate in all affected parties and non-parties.

## **Matters of General Applicability**

- No more than \$25,000 in one affected entity; no more than \$50,000 aggregate in all affected entities.

# Exemptions for publicly traded securities



4

Particular matters of  
general applicability

Is the market value of the publicly traded securities \$25,000 or less in any one such affected entity and \$50,000 or less in all affected entities?

Publicly Traded Securities  
De minimus exemption for matters of general  
applicability  
5 C.F.R. 2640.202(c)(i)

**\$5,000** in ConAgra stock

**\$12,000** in Nestlé stock



\$25,000 or less in any  
single affected entity



\$50,000 or less in all  
affected entities

# Exemptions for publicly traded securities

James, an attorney with the Department of Justice, is assigned to work on a government lawsuit against several pharmaceutical manufacturers for price-fixing. His portfolio includes stock in four of the 25 manufacturers named in the suit:

- \$4,500 in PharmaCorp stock
- \$8,000 in Stewart Holdings stock
- \$3,000 in Topeka Chemical Industries stock
- \$1,100 in KimCo Bio-Medical Solutions stock

Scenario #2

# 1

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Does the employee, employee's spouse, or employee's minor child own **securities** issued by one or more entities affected by the matter?

# 2

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Are the affected securities **publicly traded** or long-term government securities or municipal securities?

# Exemptions for publicly traded securities



Will the employee be participating in a particular matter involving specific parties or a particular matter of general applicability?

# Test *Your* Knowledge

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James, an attorney with the Department of Justice, is assigned to work on a government lawsuit against several pharmaceutical manufacturers for price-fixing.

Is this...

1. A Particular Matter Involving Specific Parties
2. A Particular Matter of General Applicability
3. Not a Particular Matter

## **Matters involving Specific Parties**

- No more than \$15,000 aggregate in all affected parties
- No more than \$25,000 aggregate in all affected parties and non-parties.

## **Matters of General Applicability**

- No more than \$25,000 in one affected entity; no more than \$50,000 aggregate in all affected entities.

# 4



Is the aggregate market value of holdings of the employee, his spouse, and minor child in the securities of all entities that are *parties* \$15,000 or less?

\$4,500 (PharmaCorp) + \$8,000 (Stewart Holdings) + \$3,000 (Topeka Chemical) + \$1,100 (KimCo) =

# De Minimis Exemptions

Janet, a Special Agent with the United States Secret Service, is assigned to work on a mortgage fraud investigation. Her portfolio includes:

- \$200,000 invested in the JPMorgan Large Cap Value Select Fund. She knows that 6% of the Fund is invested in MegaBankCorp, one of the banks that is a target of the investigation.
- \$47,000 invested in the iShares Dow Jones U.S. Financial Sector Index Fund.
- \$4,500 in MegaBankCorp stock (publicly traded)

Scenario #3

# Test *Your* Knowledge

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**\$200,000** in JPMorgan Large Cap Value Select Fund

**\$47,000** in iShares Dow Jones U.S. Financial Sector Index Fund

**\$4,500** in MegaBankCorp Stock

May Janet work on the investigation?

# Mutual Funds & Publicly Traded Securities

**\$200,000** in JPMorgan Large Cap Value Select Fund

**\$47,000** in iShares Dow Jones U.S. Financial Sector Index Fund

**\$4,500** in MegaBankCorp Stock

# Remedies

- Recusal

- Divestiture

- Regulatory Exemption

- Resignation

- Reassignment

- 208 Waiver



Telecommunication Sector Soars Amidst Global Economic Downturn

How to Profit on America's New Era of Turbulence

# A word of caution...

Bulls are back. Send in the bears?

Indexes have rallied strongly, but investor fears persist.





Does your agency regularly issue cautionary memos to financial disclosure filers who have financial interests that could create a conflict of interest?

# Resources

[www.oge.gov](http://www.oge.gov)

**5 C.F.R. part 2640** ( 208 Interpretation, exemptions, waivers)

## **DAEOgrams**

DO-00-030 Diversified and Sector Mutual Funds

DO-06-029 “Particular Matter Involving Specific Parties,” “Particular Matter,”  
“Matter”

DO-07-006 Waivers Under 18 U.S.C. 208

## **Financial Instruments**

**Public Financial Disclosure Reviewer’s Guide**

**Public Financial Disclosure: A Guide to Reporting Selected Financial  
Instruments**

# Summary

- OGE's interpretation of 18 U.S.C. 208
- De minimis exemptions for mutual funds
- De minimis exemptions for publicly traded securities