FOMC Policy on External Communications of Committee Participants[1]

as adopted June 22, 2011

PREAMBLE

The Federal Open Market Committee (FOMC) is committed to providing clear and timely information to the public about the Committee's monetary policy actions and the rationale for those decisions. Indeed, considerable evidence indicates that central bank transparency increases the effectiveness of monetary policy and enables households and businesses to make better-informed decisions.

Two-way communication with the public is a crucial element in the FOMC's monetary policy process. Committee participants have regular contacts with members of the public as part of the process of gathering the information the Committee needs to understand current economic and financial conditions. In addition, the FOMC's public accountability is strengthened by open discussion of Committee participants' views about the economic outlook as well as their judgments about the appropriate course of monetary policy.

Therefore, to reinforce the public's confidence in the transparency and integrity of the monetary policy process, the FOMC has established the following principles to govern Committee participants' contacts with members of the public. The FOMC itself maintains responsibility for ensuring that all Committee participants—that is, the members of the Federal Reserve Board and the presidents of the Federal Reserve Banks—abide by these principles.[2]

[1] The Committee's policy governing the external communications of Federal Reserve System staff is set forth in a separate document.

[2] This policy is fully consistent with and complements the more general policies for ethical conduct published in the *Federal Reserve Administrative Manual* (FRAM) section 2-026.1 ("Ethics—Voluntary Guide to Conduct for Senior Officials"). That section recognizes the overarching principle that senior Federal Reserve officials "have a special responsibility for maintaining the integrity, dignity, and reputation of the System" and "should scrupulously avoid conduct that might in any way tend to embarrass the System or impair the effectiveness of its operations." The policy in this document focuses specifically on external communications and is binding on all FOMC participants.

GENERAL PRINCIPLES

1. Committee participants will endeavor to enhance the public's understanding of monetary policy. They are free to explain their individual views but are expected to do so in a spirit of collegiality and to refrain from characterizing the views of other individuals on the Committee. In explaining the rationale for announced FOMC decisions, participants will draw on Committee communications and the Chairman's press conference remarks as appropriate.
2. To foster the ongoing frank exchange of views at FOMC meetings, Committee participants will refrain from publicly characterizing such discussions beyond what has been published in the minutes of each FOMC meeting.
3. To protect the independence of the FOMC's decision-making process from short-term political pressures, participants will strive to avoid any appearance of political partisanship and will be prudent in selecting venues for their speaking engagements.
4. FOMC participants will carefully safeguard all confidential information.[3] No confidential FOMC information may be released except pursuant to Committee instructions or with written authorization from the Chairman and prompt notification to the FOMC.
5. To the fullest extent possible, Committee participants will refrain from describing their personal views about monetary policy in any meeting or conversation with any individual, firm, or organization who could profit financially from acquiring that information unless those views have already been expressed in their public communications.
6. Committee participants will strive to

[3] The Committee's regulations concerning the designation and handling of confidential FOMC information are set forth in a separate document, *"Program for Security of FOMC Information,"* available at http://www.federalreserve.gov/monetarypolicy/files/FOMC_InformationSecurityProgram.pdf.

ensure that their contacts with members of the public do not provide any profit-making person or organization with a prestige advantage over its competitors. They will consider this principle carefully and rigorously in scheduling meetings with anyone who might benefit financially from apparently exclusive contacts with Federal Reserve officials and in considering invitations to speak at meetings that are sponsored by profit-making organizations or that are closed to the public and the media.

7. To facilitate the effectiveness of the Committee's policy deliberations and the clarity of its communications, participants observe a blackout period on monetary policy communication that begins on the Tuesday morning of the week prior to each regularly-scheduled FOMC meeting and ends at midnight Eastern Time on the Thursday following the meeting. During each blackout period, participants refrain from expressing their views about macroeconomic developments or monetary policy issues in meetings or conversations with members of the public.

PRACTICAL EXAMPLES

To assist FOMC participants in understanding the application of these principles, the Committee has considered how the principles should be applied to some common requests for public contact. For example, the following contacts would generally be consistent with the Committee's policy on external communications, as long as the participant carefully adheres to all of the principles listed above during the contact itself:

1. A speech on a monetary policy topic at a widely-attended event with press in attendance, where the event is organized by a non-profit entity and does not involve fund-raising. Such a speech might be given at an academic institution, a conference sponsored by a non-profit organization, or a meeting sponsored by a civic or trade association (such as a chamber of commerce or a state or national bankers' association).
2. An interview with the press regarding the participant's personal views on monetary policy issues.
3. A private meeting with members of the public—such as bankers, community representatives, industry representatives, or labor representatives—to collect information about the economy without disseminating any information about the participant's personal views on monetary policy unless those views have already been expressed in their public communications. Whenever practical, a public information officer or other Federal Reserve staff should be present at such a meeting.

In contrast, the following contacts would not be consistent with the principles set out above:

1. Disclosure in any setting of confidential FOMC information.
2. Disclosure or characterization in any setting of the views that others expressed at an FOMC meeting.
3. A prediction about Committee action in advance of the Committee announcement of its decision.
4. A private meeting with selected clients of a regulated entity or financial firm to discuss monetary policy.

Of course, the foregoing examples are not intended to serve as an exhaustive list, and hence good judgment will be essential in applying these principles.