

Rule 1-006E: Individual Financial Conflict of Interest in Transactions.

Revision 0. Effective Date: July 1, 2020

I. Purpose and Scope.

A. Purpose.

This Rule implements [Policy 1-006](#): Individual Financial Conflict of Interest Policy by clarifying how the University identifies, evaluates, and manages conflicts of interest of Employees in certain Transactions. The University is committed to ensuring that Employees engage in such Transactions with the utmost integrity, free from bias or prejudice that may arise from financial conflicts of interest.

B. Scope.

This Rule applies to each Employee who engages in any “*Transaction*” (as that is specifically defined in Policy 1-006, encompassing various agreements to which the University or the University of Utah Research Foundation is a party).

This Rule addresses *individual* conflicts of interest related to such Transactions.

This Rule is not intended to directly govern other conflicts of interest that might arise during an Employee’s University duties, which are governed by other Regulations. [See e.g., [Policy 5-204](#): Remunerative Consultation and Other Employment Activities, [Supplemental Rule 1-006](#): Health Sciences Industry Relations Policy]. Similarly, this Rule is not intended to directly govern financial conflicts of interest of the University as an *institution*, which are governed by other Regulations. [See [Policy 7-006](#): Institutional Financial Conflicts of Interest for Research Involving Human Subjects].

II. Definitions.

The definitions provided in Policy 1-006 apply for purposes of this Rule. Additionally, the following definitions apply for the limited purposes of this Rule.

- A. **Substantial Interest** means the ownership, either legally or equitably, by an Employee (or the Employee’s spouse or minor children) of at least 10% of the outstanding capital stock of a corporation, or at least a 10% interest in any other type of Business Entity. However, an Employee is NOT deemed to have a Substantial Interest in a Business Entity, if the total value of the Equity Interest of the Employee (or the Employee’s spouse or minor children) does not exceed \$2,000. A life insurance policy or an annuity may not be considered when determining the value of a Substantial Interest.

An Employee also has a Substantial Interest if the Employee serves as an officer, director, agent, or employee of a Business Entity.

- B. **Transaction** means a formal or informal contract or agreement, express or implied, to which the University or the University of Utah Research Foundation (“UURF”) is a party. Transactions include, but are not limited to, purchases (including the purchase of supplies, equipment, or services), subcontracts, sub-awards, material transfer agreements, term sheets (whether binding or non-binding), option agreements, licensing agreements, agreements for sponsored research, grants, lease agreements, etc.

III. Rule.

A. Transactions Requiring Disclosure.

[Policy 1-006](#) requires Employees to disclose certain types of information using an approved BRR Disclosure Form in accord with the University’s approved BRR Disclosure Form Instructions. This Rule implements the Policy with the following requirements.

1. If an Employee has a Substantial Interest in a Business Entity, and the Business Entity commences negotiations with the University of Utah Research Foundation (UURF) or the University regarding a Transaction to secure Intellectual Property, the Employee is required to submit a BRR Disclosure Form to the University upon becoming aware of such negotiations.
2. If an Employee has a Substantial Interest in a Business Entity that is proposing to enter into another type of Transaction with UURF or the University, and the Employee is in a position to influence the decision of the UURF or the University’s decision on that Transaction, the Employee is required to submit a BRR Disclosure Form to the University upon becoming aware of that proposed Transaction.
3. If an Employee has a Substantial Interest in a Business Entity that provides goods or services, the University provides the same or similar goods and services, and the Employee is in a position to direct potential purchasers of the goods and services away from the University and to the Business Entity, the Employee is required to submit a BRR Disclosure Form to the University upon becoming aware of these circumstances.
4. Each Employee is required to notify the Employee’s supervisor and the Conflict of Interest Office of any perceived, potential, or actual conflict of interest that may arise as a result of the Employee’s involvement in a Transaction on behalf of the University.

B. Evaluation of Conflicts of Interest in Transactions.

1. The Individual Conflict of Interest Committee will evaluate the information provided in an Employee's BRR Disclosure Form, or information otherwise provided, to determine whether or not a Substantial Interest in a Business Entity exists that could create a conflict of interest [See [Procedure 1-006: Reviewing Individual Conflict of Interest BRR Disclosure Forms](#)].

C. Management of Conflicts of Interest in Transactions.

The Individual Conflict of Interest Committee may manage conflicts of interest of any Employee in any Transaction by requiring any of the following:

1. Disclosure of an Employee's financial conflict of interest to a Supervisor;
2. Recusal of an Employee from participating on behalf of the University in the Transaction process (e.g., preparation of specifications, evaluations, bids, or contracts, or committee deliberations/voting);
3. If an Employee's University responsibilities otherwise require input into the selection of products or services from a Business Entity in which the Employee has a Substantial Interest, at the time of the Employee providing such input, require written disclosure of an Employee's financial conflict of interest to all University decision-makers involved in the Transaction;
4. Require elimination of an Employee's Substantial Interest in the Business Entity; or
5. Any other management strategy the Committee determines is necessary to appropriately manage a conflict of interest.

D. Prohibited Activities.

The following types of activities present conflicts of interest in which an Employee who has a Substantial Interest in a Business Entity is not allowed to participate because such an activity would be a violation of law or is judged by the University to be a violation of its institutional values.

1. An Employee is not allowed to negotiate for the University or UURF or act as a University decision maker or a UURF decision maker regarding any Transaction with a Business Entity in which the Employee has (or will likely have) a Substantial Interest.
2. An Employee is not allowed to disclose or use any of the University's controlled, private, or protected business information (1) to further the Employee's or another's business interests or (2) to secure special privileges or exemptions for the Employee or others.

3. Solicitation or receipt of a Gift by a University Employee, whether directly or indirectly through the institution, is not allowed, when (a) the purpose or effect of the Gift is likely to improperly influence the Employee in the discharge of the Employee's University responsibilities; (b) the Gift is given to reward the Employee for official action taken; or (c) the Gift is given in close proximity to recent past, present, or future transactions between the University and the giver of the Gift.

This provision is intended to help ensure Employees comply with the Utah Public Officers' and Employees' Ethics Act, [Utah Code Ann. § 67-16-1 et seq.](#), and this provision shall be interpreted to be in conformity with that Act.

[Note: Parts IV-VII of this Regulation (and all other University Regulations) are Regulations Resource Information – the contents of which are not approved by the Academic Senate or Board of Trustees, and are to be updated from time to time as determined appropriate by the cognizant Policy Officer and the Institutional Policy Committee, as per Policy 1-001 and Rule 1-001.]

IV. Procedures, Guidelines, Forms and other Related Resources:

[Reserved]

V. References:

[Reserved]

VI. Contacts:

The designated contact officials for this Regulation are:

- A. Policy Owner (primary contact person for questions and advice): Conflict of Interest Officer
- B. Policy Officers: Vice President for Research and Vice President and General Counsel

These officials are designated by the University President or delegee, with assistance of the Institutional Policy Committee, to have the following roles and authority, as provide in University Rule 1-001:

“A ‘Policy Officer’ will be assigned by the President for each University Policy, and will typically be someone at the executive level of the University (i.e., the

President and his/her Cabinet Officers). The assigned Policy Officer is authorized to allow exceptions to the Policy in appropriate cases...”

“The Policy Officer will identify an ‘Owner’ for each Policy. The Policy Owner is an expert on the Policy topic who may respond to questions about, and provide interpretation of the policy; and will typically be someone reporting to an executive level position (as defined above), but may be any other person to whom the President or a Vice President has delegated such authority for a specified area of University operations. The Owner has primary responsibility for maintaining the relevant portions of the Regulations Library... [and] bears the responsibility for determining –requirements of particular Policies....”

University Rule 1-001-III-B & E

VII. History:

Renumbering: [None]

Revision History:

A. Current version: Revision 0

Approved: Academic Senate: April 27, 2020

Approved: Board of Trustees: June 9, 2020, with designated effective date July 1, 2020

[Legislative History](#) of Revision 0