

certifications from principal investigators, co-principal investigators and authorized institutional representatives. I am confident that this new Policy, which leaves grantees with primary responsibility for collecting and reviewing financial disclosures and responding to actual or potential conflicts, will help protect the integrity of NSF-funded research and education activities.

Neal Lane
Director

Attachment

Attachment

THE INVESTIGATOR FINANCIAL DISCLOSURE POLICY

Effective Date: June 28, 1995

NSF's Investigator Financial Disclosure Policy has the following primary features:

A. A requirement that any NSF grantee employing more than fifty persons maintain "an appropriate written and enforced policy on conflict of interests".

B. Minimum requirements for what must be in an institution's policy. These include (a) limited and targeted financial disclosure, (b) designation of a person(s) to review the disclosures and resolve actual or potential problems revealed, (c) enforcement mechanisms, and (d) arrangements for informing NSF of conflicts issues that are not resolved to the satisfaction of the institution.

Changes made to NSF issuances to establish and communicate the Policy are described below. Copies of the NSF Grant General Conditions and the NSF publication Grant Proposal Guide may be obtained from NSF's forms and publications unit. Copies of the NSF Grant Policy Manual may be obtained from the Government Printing Office.

WHAT WOULD BE REQUIRED IN INSTITUTIONAL POLICIES

Grant General Conditions

Insert a new subparagraph 26(b):

Records of investigator financial disclosures and of actions taken to manage actual or potential conflicts of interest (see Grant Policy Manual Section 310), shall be retained until 3 years after the later of the termination or completion of the award to which they relate, or the resolution of any government action involving those records.

Renumber subsequent subparagraphs accordingly.

Insert a new paragraph 33:

If the grantee employs more than fifty persons, the grantee shall maintain an appropriate written and enforced policy on conflict of interest consistent with the provisions of Grant Policy Manual Section 310.

Renumber subsequent paragraphs accordingly.

Grant Policy Manual

In GPM 516.3 "Consulting and Other Outside Activities of Principal Investigators Under NSF Awards", add to subparagraph "a.":

However, see GPM 310 on Conflict of Interests Policies.

Strike all after subparagraph "a.", including Exhibits V-1 and V-2.

Add a new GPM 310 "Conflict of Interests Policies":

a. NSF requires each grantee institution employing more than fifty persons to maintain an appropriate written and enforced policy on conflict of interest. Guidance for such policies has been issued by university associations and scientific societies.

(1)

b. An institutional conflict-of-interest policy should require that each investigator disclose to a responsible representative of the institution all significant financial interests of the investigator (including those of the investigator's spouse and dependent children) (i) that would reasonably appear to be directly and significantly affected by the research or education activities funded or proposed for funding by NSF; or (ii) in entities whose financial interests would reasonably appear to be directly and significantly affected by such activities.

The term 'investigator' means the principal investigator, co-principal investigators, and any other person at the institution who is responsible for the design, conduct, or reporting of research or education activities funded or proposed for funding by NSF.

The term 'significant financial interest' means anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interests (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights). The term does not include:

- . salary, royalties or other remuneration from the institution; or any ownership interests in the institution, if the institution is an applicant under the Small Business Innovation Research Program or Small Business Technology Transfer Program;

- . income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities;

- . income from service on advisory committees or review panels for public or nonprofit entities; or

- . financial interests in business enterprises or entities if the value of such interests do not exceed \$5,000 or represent more than a 5% ownership interest for any one enterprise or entity when aggregated for the investigator and the investigator's spouse and dependent children.

c. An institutional policy must ensure that investigators have provided all required financial disclosures at the time the proposal is submitted to NSF. It must also require that those financial disclosures are updated during the pendency of the award, either on an annual basis, or as new reportable significant financial interests are obtained.

d. An institutional policy must designate one or more persons to review financial disclosures, determine whether an actual or potential conflict of interest exists, and determine what conditions or restrictions, if any, should be imposed by the institution to manage, reduce or eliminate such conflicts of interest. An actual or potential conflict of interest exists when the reviewer(s) reasonably determine that a significant financial interest could affect the design, conduct, or reporting of the research or educational activities funded or proposed for funding by NSF.

Examples of conditions or restrictions that might be imposed to manage, reduce or eliminate actual or potential conflicts of interest include:

- . public disclosure of significant financial interests;

- . monitoring of research by independent reviewers;

- . modification of the research plan;

- . disqualification from participation in the portion of the NSF-funded research that would be affected by the significant financial interests;

- . divestiture of significant financial interest; or

- . severance of relationships that create actual or potential conflicts.

If the reviewer(s) determines that imposing conditions or restrictions would be either ineffective or inequitable, and that the potential negative impacts that may arise from a

significant financial interest are outweighed by interests of scientific progress, technology transfer, or the public health and welfare, that the reviewer(s) may allow the research to go forward without imposing such conditions or restrictions.

e. The institutional policy must include adequate enforcement mechanisms, and provide for sanctions where appropriate.

f. The institutional policy must include arrangements for keeping NSF appropriately informed if the institution finds that it is unable to satisfactorily manage an actual or potential conflict of interest.

g. Institutions must maintain records of all financial disclosures and of all actions taken to resolve actual or potential conflicts of interest until at least 3 years after the later of the termination or completion of the award to which they relate, or the resolution of any government action involving those records.

Renumber GPM Sections 310-40 accordingly.

WHAT WOULD BE REQUIRED IN PROPOSALS

Grant Proposal Guide (formerly Grants for Research and Education in Science and Engineering)

In Section C-1 of Part II, INSTRUCTIONS FOR PROPOSAL PREPARATION, at the end of the Certification for Principal Investigators and Co-Principal Investigators, add:

A new certification has been added that requires Principal Investigators and Co-Principal Investigators to certify that they have read and understood the institution's conflict of interest policy; to the best of their knowledge, all required financial disclosures were made; and they will comply with any conditions or restrictions imposed by the institution to manage, reduce or eliminate actual or potential conflicts of interest.

In Section C-1 of Part II, INSTRUCTION FOR PROPOSAL PREPARATION, at the end of the Certification for Authorized Institutional Representative or Individual Applicant, add:

A new certification has been added that requires an institutional representative to certify that the institution has implemented and is enforcing a written policy on conflicts of interest consistent with the provisions of Grant Policy Manual Section 310; that, to the best of his/her knowledge, all financial disclosures required by the conflict of interest policy were made; and that actual or potential conflicts of interests, if any, were, or prior to funding the award, will be satisfactorily managed, reduced or eliminated in accordance with the institution's conflict of interest policy or disclosed to NSF.

In Appendix E on the Certification Page, add the following new certification to the Certification for Principal Investigators and Co-Principal Investigators:

(3) I have read and understand the institution's conflict of interest policy, if any; have made all financial disclosures required by it, if any; and will comply with any conditions or restrictions imposed by the institution to manage, reduce or eliminate actual or potential conflicts of interest.

In Appendix E on the Certification Page, add the following to the end of the section on Certification for Authorized Institutional Representative or Individual Applicant:

In addition, if the applicant institution employs more than fifty persons, the authorized official of the applicant institution is certifying that the institution has implemented a written and enforced conflict of interests policy that is consistent with the provisions of Grant Policy Manual Section 310; to the best of his/her knowledge, all financial disclosures required by that conflict of interests policy have been made; and all identified conflict of interests have been, or, prior to funding an award, will be either satisfactorily managed, reduced or eliminated in accordance with the institutions policies, or disclosed to NSF.

1) See On Preventing Conflict of Interest in Government-Sponsored Research at Universities, a Joint Statement of the Council of the American Association of University Professors and the American Council on Education (1964); Managing Externally Funded Programs at Colleges and Universities, especially "Principle X. Research Ethics and Conflicts", issued by the Council on Government Relations (1989); Guidelines for Dealing with Faculty Conflicts of Commitment and Conflicts of Interest in Research, issued by the Association of American Medical Colleges (1990); and Framework Document for Managing Financial Conflicts of Interest, issued by the Association of American Universities (1993).