

# Transactions with Affiliates and Insiders Program

Procedures in this section are rescinded only as they relate to Insiders. See Comptroller's Handbook - Insider Activities

## EXAMINATION OBJECTIVES

Determine if transactions with affiliates (TWA) and insiders are in regulatory compliance and not detrimental to the safety and soundness of the savings association.

Evaluate the extent and degree of influence of affiliations on the savings association.

## EXAMINATION PROCEDURES

### LEVEL I

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1. Review examination scoping materials related to transactions with affiliates and insiders. If another regulator performs the review of scoping materials, obtain a written or verbal summary of the review(s) concerning this program. Refer to the examiner-in-charge (EIC).

Scoping materials might include:

- The prior examination report.
- Prior exception sheets and work papers.
- Review of internal/external audit reports, supervisory analysis, correspondence, the business plan, minutes of the meetings of the board of directors, PERK information, etc.

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2. Review the preceding report of examination and all TWA-related exceptions and determine whether management has taken appropriate corrective action.

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3. Evaluate the savings association's policies and procedures for transactions with affiliates and insiders by reviewing policy statements, procedure manuals, board and committee minutes, and other pertinent documents.
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4. Obtain and review the Management Questionnaire. Based on the review of minutes and any additional interviews with management, determine the completeness and accuracy of the answers to this questionnaire.
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5. Verify that transactions with affiliates and insiders are in compliance with applicable regulations:

- § 563.41 (applies the Board of Governors of the Federal Reserve System's (FRB) Regulation W at Part 223 to savings associations).
- § 563.43 (applies the FRB's Regulation O at Part 215 to savings associations).

*Note:* Appendix A, Regulation O Summary of Reporting/Recordkeeping Requirements, is a useful tool to determine regulatory compliance.

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6. Evaluate the association's documentation and recordkeeping to determine compliance with minimum standards.
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7. Review Level II procedures and perform those necessary to test, support, and confirm conclusions derived from performance of Level I procedures.
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## LEVEL II

1. Evaluate the extent and degree of influence of outside affiliations on the savings association.
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2. From the review of information, determine which transactions, if any, you should review for evidence of self-dealing or conflicts of interest or other safety and soundness concerns. Provide instructions to the examiners reviewing the appropriate areas.

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3. Ensure that the examination meets the Objectives of this Handbook Section. State your findings, conclusions, and recommendations for any necessary corrective measures, on the appropriate work papers and report pages.

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## EXAMINER'S SUMMARY, RECOMMENDATIONS, AND COMMENTS

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