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# Transactions with Affiliates and Insiders Program

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## Examination Objectives

Determine if transactions with affiliates and insiders are in regulatory compliance and not detrimental to the safety and soundness of the thrift.

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

## Examination Procedures

### Level I

Wkp. Ref.

1. Review examination scoping materials related to transactions with affiliates and insiders. If other regulator(s) perform the review of scoping materials, obtain a written or verbal summary of the review(s) of items 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 noted 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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**Exam Date:** \_\_\_\_\_  
**Prepared By:** \_\_\_\_\_  
**Reviewed By:** \_\_\_\_\_  
**Docket #:** \_\_\_\_\_

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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
- § 563.42
- § 563.43 (which incorporates by reference the FRB's Regulation O at Part 215).

*Note:* Appendix A, Transactions with Affiliates Checklist, provides step-by-step instructions. Appendix B, Summary of Regulation Reporting/Recordkeeping Requirements is also a useful tool to determine regulatory compliance.

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

8. Evaluate the extent and degree of influence of outside affiliations on the savings association.
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9. From the review of information thus far, 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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10. Ensure that the examination meets the Objectives of this Handbook Section. State your findings and conclusions and appropriate recommendations for any necessary corrective measures, on the appropriate work papers and report pages.

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### Examiner's Summary, Recommendations, and Comments

**Exam Date:** \_\_\_\_\_  
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