



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

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To: Chief Executive Officers of National Banks, All Examining Personnel, and Comptroller's Handbook Subscribers

The enclosed "Insider Activities" booklet is part of the ongoing update and revision to the *Comptroller's Handbook*. This booklet updates and replaces the "Insider Activities" booklet issued in March 1995 (narrative and procedures) and updated electronically in January 1998 (procedures only).

This revised booklet has been restructured and reorganized to emphasize and clarify the OCC's expectations for practices and risk management systems governing insider activities. Improperly managed relationships with insiders can cause serious problems for a bank.

The major revisions to this booklet include:

- Regulation O updates and additional explanations to address practical application of the law, e.g., Interpretive Letter 1024.
- Additional guidance on internal controls and audit incorporating 12 CFR 363 and Section 404 of the Sarbanes-Oxley Act.
- Updated procedures for determining potential insider abuse and preparing Matters Requiring Attention comments.

This booklet should be used in conjunction with other OCC booklets, such as "Large Bank Supervision" and "Community Bank Supervision." In accordance with the OCC's supervision by risk approach, examiners will exercise judgment when determining which of the procedures in this booklet are appropriate for a particular bank based on the bank's risk profile and the quality of its risk management processes. Examiners will supplement the procedures in this booklet, as needed, with expanded procedures found in other booklets of the *Comptroller's Handbook*.

Any questions regarding this booklet should be directed to the Operational Risk Policy Division at (202) 874-5190.

To order additional copies of the booklet, please send your request and \$25 for each booklet to the Office of the Comptroller of the Currency, Attention: Accounts Receivable, 250 E Street SW, Mail Stop 4-8, Washington D.C. 20219, or you can order online at the OCC's Web site at <http://www.occ.treas.gov>.