

(i) The creditworthiness of the specific counterparty;

(ii) The savings association's experience with such counterparty and with transacting in financial option and futures contracts generally;

(iii) The nature of the subject contracts (e.g., matched or unmatched); and

(iv) Any other circumstances deemed relevant by the Regional Director. An application to enter into a financial option transaction under paragraph (e)(2) of this section shall be deemed approved if the Regional Director does not deny such application within 10 calendar days from the date the application was filed.

(f) *Records retention.* A savings association engaging in financial options transactions shall maintain records of such transactions in accordance with the requirements of paragraphs (f)(1) through (f)(3) of this section.

(1) *Contract register.* The savings association shall maintain a contract register adequate to identify and control all financial options contracts and sufficient to indicate at any time the amounts of financial options contracts required to be reported on its monthly report. At a minimum, the register shall list the type, amount, expiration date and the cost of or income from each contract.

(2) *Other documentation.* The savings association shall maintain, as part of the documentation of its financial options activity, a schedule of any cash market or forward commitment position with which the option is matched, the objective for each contract (or group of contracts), and the results.

(3) *Period covered.* The records designated in this paragraph (f) shall be maintained for all financial options closed out during the preceding ten years.

[54 FR 49552, Nov. 30, 1989, as amended at 57 FR 40093, Sept. 2, 1992]

§ 563.176 Interest-rate-risk-management procedures.

Savings associations shall take the following actions:

(a) The board of directors or a committee thereof shall review the savings association's interest-rate-risk expo-

sure and devise a policy for the savings association's management of that risk.

(b) The board of directors shall formerly adopt a policy for the management of interest-rate risk. The management of the savings association shall establish guidelines and procedures to ensure that the board's policy is successfully implemented.

(c) The management of the savings association shall periodically report to the board of directors regarding implementation of the savings association's policy for interest-rate-risk management and shall make that information available upon request to the Office.

(d) The savings association's board of directors shall review the results of operations at least quarterly and shall make such adjustments as it considers necessary and appropriate to the policy for interest-rate-risk management, including adjustments to the authorized acceptable level of interest-rate risk.

[54 FR 49552, Nov. 30, 1989, as amended at 58 FR 45813, Aug. 31, 1993; 59 FR 53571, Oct. 25, 1994]

§ 563.177 Procedures for monitoring Bank Secrecy Act compliance.

(a) *Purpose.* The purpose of this regulation is to require savings associations (as defined by § 561.43 of this chapter) to establish and maintain procedures reasonably designed to assure and monitor compliance with the requirements of subchapter II of chapter 53 of title 31, United States Code, and the implementing regulations promulgated thereunder by the U.S. Department of Treasury, 31 CFR part 103.

(b) *Compliance procedure.* On or before April 27, 1987, each savings association shall develop and provide for the continued administration of a program reasonably designed to assure and monitor compliance with the recordkeeping and reporting requirements set forth in subchapter II of chapter 53 of title 31, United States Code, and the implementing regulations promulgated thereunder by the Department of Treasury, 31 CFR part 103. The compliance program shall be reduced to writing, approved by the savings association's board of directors, and reflected in the minutes of the savings association.

(c) *Contents of compliance program.* The compliance program shall, at a minimum:

(1) Provide for a system of internal controls to assure ongoing compliance;

(2) Provide for independent testing for compliance to be conducted by a savings association's in-house personnel or by an outside party;

(3) Designate individual(s) responsible for coordinating and monitoring day-to-day compliance; and

(4) Provide training for appropriate personnel.

(Approved by the Office of Management and Budget under control number 3068–0530)

Subpart G—Reporting and Bonding

§ 563.180 Suspicious Activity Reports and other reports and statements.

(a) *Periodic reports.* Each savings association and service corporation thereof shall make such periodic or other reports of its affairs in such manner and on such forms as the Office may prescribe. The Office may provide that reports filed by savings associations or service corporations to meet the requirements of other regulations also satisfy requirements imposed under this section.

(b) *False or misleading statements or omissions.* No savings association or director, officer, agent, employee, affiliated person, or other person participating in the conduct of the affairs of such association nor any person filing or seeking approval of any application shall knowingly:

(1) Make any written or oral statement to the Office or to an agent, representative or employee of the Office that is false or misleading with respect to any material fact or omits to state a material fact concerning any matter within the jurisdiction of the Office; or

(2) Make any such statement or omission to a person or organization auditing a savings association or otherwise preparing or reviewing its financial statements concerning the accounts, assets, management condition, ownership, safety, or soundness, or other affairs of the association.

(c) *Notifications of loss and reports of increase in deductible amount of bond.* A

savings association maintaining bond coverage as required by § 563.190 of this part shall promptly notify its bond company and file a proof of loss under the procedures provided by its bond, concerning any covered losses greater than twice the deductible amount. Whenever a deductible amount specified in a bond is increased above the permissible deductible amount specified in the table in § 563.190(b) of this part, the affected savings association or service corporation shall report promptly the facts concerning such increase in writing to the OTS.

(d) *Suspicious Activity Reports—(1) Purpose and scope.* This paragraph (d) ensures that savings associations and service corporations file a Suspicious Activity Report when they detect a known or suspected violation of Federal law or a suspicious transaction related to a money laundering activity or a violation of the Bank Secrecy Act.

(2) *Definitions.* For the purposes of this paragraph (d):

(i) *FinCEN* means the Financial Crimes Enforcement Network of the Department of the Treasury.

(ii) *Institution-affiliated party* means any institution-affiliated party as that term is defined in sections 3(u) and 8(b)(9) of the Federal Deposit Insurance Act (12 U.S.C. 1813(u) and 1818(b)(9)).

(iii) *SAR* means a Suspicious Activity Report on the form prescribed by the OTS.

(3) *SARs required.* A savings association or service corporation shall file a SAR with the appropriate Federal law enforcement agencies and the Department of the Treasury in accordance with the form's instructions, by sending a completed SAR to FinCEN in the following circumstances:

(i) *Insider abuse involving any amount.* Whenever the savings association or service corporation detects any known or suspected Federal criminal violation, or pattern of criminal violations, committed or attempted against the savings association or service corporation or involving a transaction or transactions conducted through the savings association or service corporation, where the savings association or service corporation believes that it was either an actual or potential victim of