

# Structure Reports

## Glossary<sup>1</sup>

**Affiliate:** A company that controls, is controlled by, or is under common control with another company.

**Agreement Corporation:** A state-chartered corporation that has entered into an agreement or understanding with the Federal Reserve Board under the provisions of Section 25 of the Federal Reserve Act to limit its banking activities to those permitted to an Edge corporation.

**Appropriate Federal Reserve Bank:** Unless otherwise determined by the Board:

- (i) for a bank holding company (or a company applying to become a bank holding company), the Reserve Bank of the Federal Reserve District in which the company's banking operations are principally conducted, as measured by total domestic deposits in its subsidiary banks on the date it became (or will become) a bank holding company;
- (ii) for a foreign banking organization that has no subsidiary bank and is not a bank holding company, the Reserve Bank of the Federal Reserve District in which the total assets of the organization's United States branches, agencies, commercial lending companies, and Edge and agreement corporations are the largest as of the date it became (or will become) a foreign banking organization (12 CFR § 225.3(b)); or
- (iii) for an unaffiliated state member bank, a nationally chartered bank, or an Edge or agreement corporation, the Federal Reserve District in which it is physically located.

**Authorized Official:** An officer of the Reporter who has the authority to; make representations, present factual information, and legally bind the Reporting organization with respect to the information set forth in the Report.

**Bank:** Any of the following, subject to the exception noted below:

- (i) Any national bank or state-chartered bank (including any former savings association), the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act; or
- (ii) Any institution organized under federal law or the laws of any U.S. state or territory that both -
  - (a) Accepts demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others; and
  - (b) Is engaged in the business of making commercial loans.

*Exception:* The term “bank” does not include institutions that are exempt from the BHC Act definition of bank under 12 U.S.C. § 1841(c)(2), such as savings associations, limited purpose trust companies, credit unions, limited purpose credit card banks, and industrial loan companies.

**Bank Holding Company (BHC):** Any company that has control over any bank or over any company that is or becomes a bank holding company by virtue of the BHC Act, unless exempt from the BHC Act definition of bank holding company under 12 U.S.C. § 1841(a)(5).

**Banking Company:** A bank organized under U.S. law, a bank holding company, or foreign banking organization..

**Banking Offices:** Foreign branches of member banks, BHCs, Edge and agreement corporations and their foreign investment subsidiaries (other than in the country of incorporation), managed non-U.S. branches of FBOs, and U.S. branches, agencies, and representative offices of FBOs.

**Bearer Security:** Any security that is not registered to a particular party on the books of the issuing company, and, therefore, all rights associated with the security are assigned to the party that is in possession of the security.

**BHC Act:** The Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1841 et seq.).

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<sup>1</sup> FR Y-10, FR Y-6 and FR Y-7.

**Branches and Offices (Domestic):** For purposes of the Domestic Branch Schedule, domestic branches are those located in the 50 states of the United States or in the U.S. territories. The following describes the service types of domestic branches to be reported on the Domestic Branch Schedule:

**Administrative** - Has limited non-deposit functions, including back office operations and check processing facilities; excludes loan production and trust offices.

**Full Service** – Accepts deposits, makes loans, opens/closes accounts, has loan officer on site, normal hours, full-time staff, and may have safe deposit facilities on site. The site may be owned or leased by the institution or located in a retail facility such as a supermarket.

**Home Banking** - A facility with phone, PC, and/or website services through which customers can open accounts, apply for loans, make fund transfers into accounts and other types of electronic transactions from a remote location.

**Limited Service** - Accepts deposits and payments; however, may not offer other services. Examples include a Military Facility that operates on a military base for the sole purpose of cashing military and government payroll checks, a drive-through facility that can accept deposits and make payments but may not offer other services, or a mobile/seasonal branch that does not have a fixed location or is open for a limited period.

**Loan Production and Consumer Credit** – Extends credit, but typically does not accept deposits.

**Trust Office** – Does not accept deposits; conducts trust activities only.

**Commercial Lending Company:** Any organization, other than a bank or an Agreement Corporation, organized under the laws of any state that

maintains credit balances permissible for an agency and engages in the business of making commercial loans. This definition includes any company chartered under Article XII of the banking law of the State of New York (12 CFR § 211.21(g)).

**Company:** Any corporation, partnership, business trust, association, or similar organization, or any other trust unless by its terms it must terminate within twenty-five years or not later than twenty-one years and ten months after the death of individuals living on the effective date of the trust. *Exception:* the definition of “Company” does not include any corporation the majority of shares of which are owned by the United States or by any state, nor does it include qualified family partnerships as defined in 12 U.S.C. § 1841(o)(10).

**Consolidated Financial Statements:** Statements that present the results of operations and the financial position of a parent company and its subsidiaries as if the group were a single company with one or more branches or divisions, *after giving effect to the elimination of intercompany balances and transactions.*

**Control: Company A** controls Company B if any of the following are true:<sup>2</sup>

- Company A controls 25 percent or more of any class of voting securities of Company B.<sup>3</sup> For purposes of this definition of control, limited partnership interests are generally considered to be a class of voting securities.<sup>4</sup>
- Company A elects a majority of Company B's board of directors, trustees, general partners, or others with similar management responsibilities under the company's organizing documents;
- Company A is a general partner, managing member, or trustee of Company B; or

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<sup>2</sup> As used in this definition of control only, control by Company A of shares or an interest refers to Company A's control in the aggregate of shares or interests held directly by Company A and indirectly by Company A through one or more subsidiaries. Other references to Company A in this definition refer to Company A acting directly or indirectly through any of its subsidiaries.

<sup>3</sup> Definitions of "voting securities", "nonvoting shares", and "class of voting shares", are provided in the Glossary under the entry for "voting securities and related terms".

<sup>4</sup> A limited partnership interest is not a voting security if it does not afford the limited partner any authority to participate in removing or appointing general partners and the interest also meets the other requirements of the definition of "Nonvoting shares."

- In certain situations, where Company A acquires all or substantially all of Company B's assets.

In addition, Company A is deemed to control Company B if any of the following are true (absent a reporter's presentation of evidence of noncontrol to the appropriate Federal Reserve Bank and the Federal Reserve Bank's acceptance of such evidence):

- Company A has entered into a management agreement with Company B under which Company A exercises significant influence over Company B's general management or overall operations;
- Company A controls more than 5 percent of a class of voting securities of Company B, one or more individuals serve as director or officer of both Company B and Company A, and no person unaffiliated with Company A controls 5 percent or more of Company B;
- Company A controls more than 5 percent of a class of voting securities of Company B and together with directors or officers of Company A controls more than 25 percent of a class of voting securities of Company B;
- Company A controls 10 percent or more of a class of voting securities of Company B and an individual serves as both a director or officer of Company B and a director or officer of Company A; or
- Staff at the Board or the appropriate Federal Reserve Bank has informed the reporter that, for purposes of the FR Y-6, Y-7, and Y-10, Company A is deemed to control Company B.

**De Novo:** A newly chartered bank or company, a newly opened branch or office, or a newly commenced activity.

**Depository Institution:** An institution defined in 12 CFR § 225.2(t) or 12 CFR § 204.2(m)(1).

**Directly / Indirectly:**

**Directly** – An entity that conducts activities or makes investments on its own, and not through any of its subsidiaries, is considered to conduct those activities and make those investments directly.

**Indirectly** – An entity that conducts activities and or makes investments through any of its subsidiaries is considered to conduct those activities and make those investments indirectly.

**Edge Corporation:** A corporation chartered under Section 25A of the Federal Reserve Act to engage in international banking and financial operations.

**Employee Stock Ownership Plan (ESOP):** A stock ownership plan whereby employees purchase shares of their company's stock.

**Financial Holding Company (FHC):** A BHC or FBO that effectively has elected to be or be treated as a financial holding company and therefore, may conduct activities as outlined in Section 4(k) of the BHC Act.

**Financial Subsidiary:** A subsidiary of a commercial bank, as defined in Section 121 of the Gramm-Leach-Bliley Act of 1999, 12 CFR § 208.77(e), or Section 46 of the Federal Deposit Insurance Act.

**Foreign Bank:** An organization that is organized under the laws of a foreign country and that engages directly in the business of banking outside the United States. The term foreign bank does not include a central bank of a foreign country that does not engage or seek to engage in a commercial banking business in the United States through an office. (12 CFR § 211.21(n))

**Foreign Banking Organization (FBO):** A foreign bank that operates a branch, agency, or commercial lending company subsidiary in the United States, controls a bank organized under U.S. law, or controls an Edge or agreement corporation, and any company of which a foreign bank is a subsidiary.

**Foreign Investment:** An investment made or interest acquired in a company pursuant to Subparts A or C of Regulation K (12 CFR § 211).

**Functionally Regulated Subsidiary:** Any subsidiary that is not a BHC or a depository institution and is regulated by one of the following domestic regulators: State securities department, State insurance commissioner, SEC, or CFTC. Companies subject to functional regulation are:

- (i) a broker or dealer registered under the Securities and Exchange Act of 1934;
- (ii) a registered investment adviser, properly registered by or on behalf of either the

Securities and Exchange Commission or any State, with respect to the investment advisory activities of such investment adviser and activities incidental to such investment advisory activities;

- (iii) an investment company that is registered under the Investment Company Act of 1940;
- (iv) an insurance company, with respect to insurance activities of the insurance company and activities incidental to such insurance activities, that is subject to supervision by a State insurance regulator; or
- (v) a company that is subject to regulation by the Commodity Futures Trading Commission, with respect to the commodities activities of such company and activities incidental to such commodities activities.

See 12 U.S.C. § 1844(c)(2)(B).

**Insurance Company:** A company licensed to sell insurance products or to underwrite or reinsure insurance products either for coverage of third-parties or for the self-insurance programs of a bank holding company and its affiliates.

**Limited Charter Bank:** A bank that offers only a narrow product line (such as credit cards or motor vehicle loans) for which a designation as a limited charter bank is in effect. To be considered a limited charter bank, a bank needs to request such designation and receive approval from its primary regulator in accordance with the provisions listed in the CRA regulation (12 CFR § 25.25).

**Legal Authority Code:** A code designated by the Federal Reserve Board (Appendix A), used to describe the authority for which an activity is being conducted.

**Managed Non-U.S. Branch:** A banking branch of a FBO that is located outside the United States but is managed or controlled by a branch or agency of that FBO that is located in the United States. "Managed" or "controlled" means that the responsibility for business decisions, including but not limited to decisions with regard to lending or asset management or funding or liability management, or the responsibility for recordkeeping with respect to assets or liabilities for that foreign branch, resides at a U.S. branch or agency.

**Merchant Banking:** The activity of acquiring or controlling any amount of shares, assets, or ownership interests of a company or other entity that is engaged in any activity not otherwise authorized for a financial holding company under Section 4 of the BHC Act. Merchant banking activities must be conducted in accordance with Subpart J of Regulation Y (12 CFR § 225.170)

**Multiple Direct Holders:** Companies under the common control of a reporter that all hold direct interests in another company, and together hold a controlling interest in that company.

**NAICS Activity Code:** Consult Appendix B (North American Industry Classification System (NAICS) Activity Codes) for commonly reported activities and select the code that best describes the activity being reported. If an appropriate code is not listed in Appendix B, select a five or six-digit NAICS code from the U.S. Census Bureau's website:

<http://www.census.gov/epcd/www/naics.html>.

**Nonbanking Company:** Any company other than a bank, BHC, or FBO as those terms are defined in this Glossary and in Section 2(c) of the BHC Act (12 U.S.C. § 1841(c)). Nonbanking companies include finance companies; savings associations, as defined in section 2(j) of the BHC Act (12 U.S.C. § 1841(j)); and certain institutions that function solely in a fiduciary capacity, as described in Section 2(c)(2) of the BHC Act (12 U.S.C. § 1841(c)(2)).

**Nonbearer Security:** Any security that is registered to a particular party on the books of the issuing company. The issuer of the nonbearer security is required to maintain a record of ownership of the security.

**Nonvoting Securities:** Preferred shares, limited partnership shares or interests, or similar interests, are nonvoting securities if:

- (i) any voting rights associated with the shares or interests are limited solely to the type customarily provided by statute with regard to matters that would significantly and adversely affect the rights or preference of the security or other interest, such as the issuance of additional amounts or classes of senior

securities, the modification of the terms of the security or interest, the dissolution of the issuing company, or the payment of dividends by the issuing company when preferred dividends are in arrears;

- (ii) the shares or interest represent an essentially passive investment or financing device and do not otherwise provide the holder with control over the issuing company; and
- (iii) the shares or interest do not entitle the holder, by statute, charter, or in any manner, to select or to vote for the selection of directors, trustees, or partners (or persons exercising similar functions) of the issuing company.

**Physical Location:** The address at which the *main office* of the entity is physically located, which is not necessarily the entity's *legal location* or *place of incorporation*. It is not an e-mail address or a post-office box.

**Qualifying Foreign Banking Organization (QFBO):** A foreign banking organization (FBO), more than half of the worldwide business of which is banking and more than half of the banking business of which is conducted outside the United States, such that the FBO meets the requirements of Section 211.23(a) of Regulation K (12 C.F.R. 211.23(a)). In general, a FBO that fails to meet these requirements for two consecutive years ceases to be a QFBO, under Section 211.23(d) of Regulation K (12 C.F.R. 211.23(d)).

**Representative Office:** Any place of business of a foreign bank, located in any state within the United States, that is not a branch or agency of a foreign bank (12 U.S.C. § 3101(15)).

**State Member Bank (SMB):** A state-chartered bank that is a member of the Federal Reserve System.

**Subsidiary:** For purposes of this form, a subsidiary is a company or bank that is controlled by another company, as control is defined above in this Glossary. For example, a subsidiary is a company in which another company owns, controls, or holds with power to vote 25 percent or more of the outstanding shares of a class of voting securities.

**Tiered Reporter:** A BHC, FBO or FHC that has a controlling interest in another BHC, FBO or FHC.

**Ultimate Parent:** A top-tier company that is not a subsidiary of any other company.

**Unaffiliated State Member Bank (Unaffiliated SMB):** A state member bank that is not a subsidiary of a BHC, FHC, or FBO.

**U.S. Branches and Agencies of Foreign Banks:** Branches and agencies of FBOs that operate as a U.S. office of their foreign parent bank. The branch or agency may be licensed by the U.S. government, or by a state of the United States.

- A branch is "any office or any place of business of a foreign bank located in any State of the United States at which deposits are received." (12 U.S.C. § 3101(3)).
- An agency is "any office or any place of business of a foreign bank located in any state of the United States at which credit balances are maintained incidental to or arising out of the exercise of banking powers, checks are paid, or money is lent but at which deposits may not be accepted from citizens or residents of the United States." (12 U.S.C. § 3101(1)).

**Voting securities** - Shares of common or preferred stock, general or limited partnership shares or interests, or similar interests if the shares or interests, by statute, charter, or in any manner, entitle the holder:

- To vote for or to select directors, trustees, or partners (or persons exercising similar functions of the issuing company); or
- To vote on or to direct the conduct of the operations or other significant policies of the issuing company.

*Class of voting shares* - Shares of stock issued by a single issuer are deemed to be the same class of voting shares, regardless of differences in dividend rights or liquidation preference, if the shares are voted together as a single class on all matters for which the shares have voting rights (other than voting rights described above in the first bullet of the definition of nonvoting shares).