Banking Law: Acronyms, Lingo and Jargon (2024)

Banking TERM	REFERENCE	DEFINITION
§ 24 (Seventh)	12 U.S.C. § 24(Seventh)	The general powers authority for national banks that requires their activities to be the "business of banking" or "incidental thereto." Many state banks have the same powers by virtue of state parity or wild card statutes.
ACH	Automated Clearing House	A processing network whereby interbank transactions are cleared through batch electronic file entries. The ACH Network allows billions of direct deposit and direct payment transactions to be sent in account-to-account transfers.
Advanced Approaches		Refers to the large or "core" international banks (generally defined for U.S. purposes as having total assets of $250 billion or more, or consolidated foreign exposures of $10 billion or more) that are subject to Basel II.
AIB	American Institute of Banking	Provides adult program education and training to bankers.
ALLL	Allowance for Loan and Lease Losses	The reserve financial institutions must maintain against loan and lease losses. It is a contra account on the asset side of the bank balance sheet to reduce gross loans to net loans and absorb loan and lease losses.
AML	Anti-Money Laundering	Usually referred to with the Bank Secrecy act as "AML-BSA", part of the regulatory regime aimed at money laundering, terrorist financing, tax evasion, and other criminal activities.
AOCI	Accumulated Other Comprehensive Income	A bank earnings entry that reflects unrealized gains and losses on bank available-for-sale securities. Under Basel III, AOCI flows through capital unless the bank opted out in the first quarter of 2015.
ATR	Ability-to Repay	Required by sections 1411 and 1412 of Dodd-Frank and the CFPB's amendments to Reg Z, which generally compel creditors to make a reasonable, good faith determination of a consumer's ability to repay any consumer credit transaction secured by a dwelling (excluding an open-end credit plan, timeshare plan, reverse mortgage, or temporary loan) and establishes certain protections from liability under this requirement for "qualified mortgages." See QM.
Bank-eligible	12 U.S.C. § 24 (Seventh) 12 C.F.R. Part 1	Refers to the types of securities in which banks may invest under 12 C.F.R. Part 1– generally high-grade debt instruments.
BASEL	The Basel Committee on Banking Supervision	Provides a forum for cooperation on banking supervisory matters. Its objective is to enhance understanding of key supervisory issues and improve the quality of banking supervision worldwide. It seeks to do so by exchanging information on national supervisory issues, approaches and techniques, with a view to promoting common understanding. At times, the Committee uses this common understanding to develop guidelines and supervisory standards in areas where they are considered desirable. The Committee is best known for its international standards on capital adequacy; the Core Principles for Effective Banking Supervision; and the Concordat on cross-border banking supervision.
BASEL I	The original Basel Committee Framework for Capital Adequacy	The original risk-based capital guidelines, based upon the 1988 capital accord adopted by the international Basel Committee on Banking Supervision. It imposed minimum capital standards on banks and thrifts, and, for the first time, it required a risk-weighting of assets in connection with the calculation of required capital ratios. It also required off-balance sheet exposures to be weighted and brought back on the balance sheet.
BASEL II	The Basel II Framework for Capital Adequacy	In 2008, the U.S. banking agencies collaboratively began to phase-in capital standards based on a second capital accord, referred to as "Basel II," for Advanced Approaches institutions. Basel II emphasized internal assessment of credit, market and operational risk, as well as supervisory assessment and market discipline in determining minimum capital requirements.

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BASEL III	The Basel II Framework for Capital Adequacy	The capital reform being implemented internationally in response to the global financial crisis. The rules require banks and holding companies to hold more and better quality capital. The U.S. Basel III rules became effective on January 1, 2015. See Reg Q, 12 C.F.R. 217.
BHC	Bank Holding Company	Any entity "controlling" a financial institution whose deposits are insured by the Federal Deposit Insurance Corporation. See also FHC.
BHCA	Bank Holding Company Act of 1956 12 U.S.C § 1841 et seq	Contains relevant definitions and governs the activities of companies that control banks, including Bank Holding Companies and Financial Holding Companies.
BHCA § 3	12 U.S.C. § 1842	The section of the BHCA that applies to companies becoming BHCs and acquiring banks.
BHCA § 4(c)(8)	12 U.S.C. §1843(c)(8)	The section of the BHCA that restricted BHC's to activities "closely related to banking or a proper incident thereto." The list of activities permitted under 4(c)(8) was frozen by Gramm-Leach-Bliley. It is in Reg Y at 12 C.F.R. 225.28.
BIF	Bank Insurance Fund	Created by FIRREA; the part of the FDIC insurance fund that insured the deposits of banks as opposed to thrifts. Now combined with SAIF as one DIF fund.
Biggert-Waters	The Biggert-Waters Flood Insurance Reform Act of 2012	Amended the National Flood Insurance Act. See NFIP.
BMA	Bank Merger Act	A part of the FDIA and NBA that provides the rules for banks to merge and consolidate.
Board	Board of Governors of the Federal Reserve System	Overall governing board of the various Federal Reserve banks located around the country and responsible for U.S. monetary policy. Also the regulatory authority for BHCs and THCs and primary federal regulator of state banks that are members of the Federal Reserve System. See Fed and FRS.
BOLI	Bank-Owned Life Insurance	Refers to limited types of life insurance that banks and thrifts may legally own. Such products may not be held for investment purposes but may be held to hedge liabilities, for instance employee benefit obligations of a bank/thrift. The bank regulatory agencies have released interagency guidance on BOLI.
BOPEC	**B**anks, **O**ther Subsidiaries, **P**arent, **E**arnings, **C**apital	The former examination rating system used by the Fed for bank holding companies.
BSA	Bank Secrecy Act of 1970	Requires financial institutions to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding $10,000 (daily aggregate amount), and to report suspicious activity that might signify money laundering, tax evasion, or other criminal activities.
Bureau	Bureau of Consumer Financial Protection	See CFPB
C&D	Cease and Desist Order	Issued by regulators to a bank, thrift, holding company or its Institution Affiliated Parties (Officers, Directors, etc.) to require affirmative action or stopping actions that violate law or are unsafe and unsound.
C&I	Commercial and Industrial	Describes bank commercial loans.
Call Report	Periodic Reports of Condition	Quarterly financial report filed by financial institutions.
CAMELS	**C**apital Adequacy, **A**sset quality, **M**anagement,	The examination rating system used by bank regulatory agencies with numerical ratings of 1-5. 1 is best, 5 is worst.

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	Earnings, **L**iquidity and Market **S**ensitivity	
CARD Act (or Credit CARD Act)	Credit Card Responsibility and Disclosure Act of 2009	Addresses abuses in credit card practices including imposing limits on changes in terms and raising rates; limits fees and expiration dates on gift cards.
CBLR	Community Bank Leverage Ratio	Basil III "off-ramp" for institutions with total consolidated assets of less than $10 billion provided by Section 201 of the Regulatory Relief Act. The banking agencies set the CBLR at 9% of tangible equity to total assets for a qualifying bank to be well-capitalized. A community banking organization is eligible to elect the framework if it has less than $10 billion in total consolidated assets, limited amounts of certain assets and off-balance sheet exposures, and a CBLR greater than 9%. The electing institution would not be required to calculate the existing risk-based and leverage capital requirements of the Basel III Rule and would not need to risk weight its assets for purposes of capital calculations.
CCAR	Comprehensive Capital Analysis and Review	A supervisory assessment by the Fed of the capital planning processes and capital adequacy of the larger, complex BHCs (over $250 billion). One component is testing against a severely adverse macroeconomic scenario specified by the Fed. It is intended to demonstrate that the banks have robust, forward-looking capital planning processes that account for their unique risks and sufficient capital to continue operations throughout times of economic and financial stress.
CDD	Customer Due Diligence	Required as a part of AML-BSA compliance, a bank's responsibility to verify the identity of a bank customer. It is the process where relevant information about the customer is collected and evaluated for any potential risk for the organization or money laundering/terrorist financing activities
CDFI	Community Development Financial Institutions	Program to use federal resources to invest in and build the capacity of CDFIs to serve low-income people and communities lacking adequate access to affordable financial products and services. CDFI's can obtain TARP funds at lower cost.
CDO	Collateralized Debt Obligation	A type of derivative, used to repackage individual loans into a product that can be sold to investors on the secondary market.
CDS	Credit Default Swaps	A swap agreement between two counterparties. "Covered CDS" are purchased by a buyer with an interest in the underlying reference obligation as a hedge against the buyer's risk of loss on such reference obligation. A buyer may purchase a CDS on a reference entity in which the buyer does not hold any interest, in order to speculate (rather than hedge against the risk of loss) on the future creditworthiness of the reference entity (e.g., buying a CDS on a security issued by an entity in financial distress).
CEBA	Competitive Equality Banking Act of 1987	Established new standards for expedited funds availability; recapitalized the Federal Savings & Loan Insurance Company (FSLIC); expanded FDIC authority for open bank assistance transactions, including bridge banks.
CECL	Current Expected Credit Loss	CECL is a controversial GAAP accounting standard adopted by FASB in the wake of the global financial crisis that will change how depository financial institutions of any size account for expected credit losses. CECL requires financial institutions to record "life of loan" loss estimates at origination or purchase. This replaces the "incurred loss" (ICL) accounting model and changes the way in which financial institutions manage the ALLL by requiring forecasting on loan performance. It also applies to credit losses on held-to-maturity securities. CECL took effect in Q1 2020 for large IDIs with holding companies that are registered with the SEC. Effectiveness was otherwise delayed for smaller reporting BHCs and banks and credit unions until 2023.

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CET 1	Common Equity Tier 1	Basel III not only increased most of the required minimum capital ratios, but it introduced the concept of "Common Equity Tier 1 Capital," which consists primarily of common stock, related surplus (net of Treasury stock), retained earnings, and Common Equity Tier 1 minority interests, subject to certain regulatory adjustments. As of January 1, 2015, the Basel III Rule requires CET 1 to risk-weighted assets of 4.5%.
CFPB	Bureau of Consumer Financial Protection	The Bureau that operates as an independent part of the Federal Reserve and regulates consumer financial products and certain providers of such products under Title X of Dodd-Frank. Its regulations are codified at 12 C.F.R. 1000 et seq.
C.F.R.	Code of Federal Regulations	Federal banking regulations are codified in 12 C.F.R. under the part assigned to the federal banking regulator promulgating the regulation. Certain interpretations of statutes are also included in 12 C. F. R.
Check 21	Check Clearing for the 21st Century Act 12 C.F.R. 229	A law that allows banks to handle paper checks electronically through check images and has given rise to remote deposit of checks and the use of substitute checks and image replacement documents in connection with check clearing and settlement.
CIP	Customer Identification Procedures	Know your customer requirements imposed by the USA Patriot Act. See KYC.
CLA	Consumer Leasing Act	Provides for uniform disclosure of terms and costs of consumer leases; similar to Truth in Lending; requires lease agreements to include certain terms, including a statement of the number of lease payments and their dollar amounts, penalties for not paying on time and whether a lump sum payment is due at the end of the agreement
CLAR	Comprehensive Liquidity Analysis and Review	A supervisory assessment by the Fed of the liquidity planning processes of the larger, complex BHCs.
CMP	Civil Money Penalty	Fines imposed by regulators against financial institutions and IAPs under the FDIA.
Comptroller	Comptroller of the Currency	The Comptroller is the chairman of the Office of the Comptroller of the Currency, which charters and regulates all national banks and federal thrifts.
Collins Amendment	DFA §171(b)	A provision of DFA that requires bank and thrift holding companies (except those with under $3 billion in assets) to hold capital on a consolidated basis as stringent as that required for insured depository institutions.
Correspondent Bank		Depository institutions hold deposits of each other and provide services to others and to their customers. These arrangements are generally contractual in nature and involve banks as "correspondents" of each other. Upstream correspondent banks provide services to smaller institutions, know as downstream correspondents.
Council	Financial Stability Oversight Council	See FSOC.
CP	Commercial Paper	Short Term corporate debt of less than nine months' duration.
CRA	1. Community Reinvestment Act 2. Consumer Reporting Agency	1. Requires a financial institution to provide lending and banking services to the entire community it serves, in particular to low- and medium-income neighborhoods. It is the subject of a separate compliance exam by the applicable regulator with exam ratings: outstanding, satisfactory (high and low), needs to improve, and substantial noncompliance. Unlike other exam ratings, CRA ratings are published. The Act permits protests to be filed in connection with certain merger and acquisition applications. 2. Companies that collect information and provide reports on consumers that are used to decide whether to provide consumers

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		credit, insurance, or employment, and for other purposes. Equifax, Experian and TransUnion and the large national CRA's.
Crapo	The Economic Growth, Regulatory Relief and Consumer Protection Act of 2018	Also known as the "Regulatory Relief Act", Crapo was enacted in May of 2018 to modify or remove certain financial reform rules and regulations. The law roles back a number of Dodd-Frank provisions, especially dealing with community and regional banks: the SIFI test was increased to $250 billion (from $50 billion); less than $10 billion are generally exempt from Volcker Rule and risk committee requirement; between $50 billion and $100 billion are exempt from enhanced prudential standards (resolution planning, stress tests, single party credit limits) immediately and no longer subject to stress testing; less than $10 billion may adopt CBLR only (off-ramp for Basel III) of 9% (as set by agencies); small BHC rules apply to $3 billion and less; mortgage relief; reciprocal deposit relief from brokered deposit restrictions.
CRE	Commercial Real Estate	Generally, refers to commercial lending secured by real property. The bank regulatory agencies have released guidelines for banks to develop risk management practices and levels of capital that are commensurate with the level and nature of their concentrations.
CSBS	Conference of State Bank Supervisors	A clearinghouse for ideas to solve common problems of state bank regulators and to advocate for the continuation of the Dual Banking System.
CSI	Confidential Supervisory Material	The agencies view any information included in an examination report (including CAMELS ratings), and any information derived therefrom to be confidential. They also consider informal enforcement proceedings and information gathered from investigations as CSI. Sharing of this information without permission of the regulatory agency is a violation of Federal law.
CTR	Currency Transaction Report	A report that U.S. financial institutions are required to file for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to the financial institution which involves a transaction in currency of more than $10,000.
CUNA	Credit Union National Association	Non-governmental, not-for-profit, trade group representing and lobbying for credit unions.
CUSO	Credit Union Service Organization	Subsidiaries of credit unions that may engage in a broader range of activities than the credit union itself.
DCC	Debt Cancellation Contracts	A type of credit insurance recognized as not being insurance by the banking agencies. DCC's are a contract between the financial institution and the debtor pursuant to which debt is paid off a death or disability, and sometimes on termination of employment. OCC regulations on the product are in 12 CR Part 37.
DDA	Demand Deposit Account	A transaction deposit account – better known as a checking account. Banks must hold reserves on transaction accounts under Reg D.
de novo	Latin: new	Used as a reference to newly formed banks and newly formed branches.
DFA	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	See Dodd-Frank.
DFAST	Dodd Frank Annual Stress Testing	A test that banks with total consolidated assets of more than $50 billion must run annually against a severely adverse macroeconomic scenario to determine the ability of the financial institution to deal with an economic crisis. Required by Section 165(i)(2) Dodd-Frank.

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DIDMCA	Depository Institutions Deregulation and Monetary Control Act of 1980	Established "NOW Accounts." Began the phase-out of interest rate ceilings on deposits. Established the Depository Institutions Deregulation Committee. Granted new powers to thrift institutions. Raised the deposit insurance ceiling to $100,000.
DIF	Deposit Insurance Fund	The DIF is administered by the FDIC and provides deposit insurance for all insured banks and thrifts in the U.S. Various categories of deposits are insured up to $250,000.
Discount Window		Credit facilities in which financial institutions go to borrow funds from the Federal Reserve. These loans, which are priced at the discount rate, are often structured as secured loans to alleviate pressure in reserve markets. It helps to reduce liquidity problems for banks and assists in assuring the basic stability of financial markets.
Dodd-Frank	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	The major financial reform package enacted in 2010, Dodd-Frank boasts 16 titles and creates 13 new Federal offices, with its principal mission to prevent systemic risk from threatening the financial system.
DPC	Debt Previously Contracted	Property banks are permitted to own for a limited number of years after they take it as collateral for a loan that defaults.
DRR	Designated Reserve Ratio	The FDIC manages the DIF with a DRR goal as a % of insured deposits. The current goal is to obtain a DRR of 2%.
Dual Banking System		A system of bank regulation unique to the United States whereby banks may be chartered either by each of the 50 states and territories or by the federal government and each of those jurisdictions has certain regulatory controls over the banks and charters. Also true of savings and loan associations and credit unions.
ECOA	Equal Credit Opportunity Act	Consumer protection statute with implementing regulations that prohibits discrimination in lending practices.
EDD	Enhanced Due Diligence	As a part of AML-BSA compliance, bank due diligence policies, procedures, and processes should be enhanced for customers that pose higher money laundering or terrorist financing risks present increased exposure to banks.
EDGE	Edge Act Corporation	Created by the Edge Act, §25 of the Federal Reserve Act, it is a subsidiary of a bank, federally chartered by the Fed, which is established in the United States to offer services to only non-US residents and institutions. The services offered include deposit and loan services. Implementing regulation is Reg K (12 C.F.R. Part 211) under the Federal Reserve Act. It is a subsidiary of a bank.
EESA	Emergency Economic Stability Act of 2008	Created TARP and guarantee programs to stabilize the economy during the global financial crisis.
EFTA	Electronic Fund Transfer Act Reg E (12 C.F.R. Part 1005)	Establishes the rights and liabilities of consumers as well as the responsibilities of all participants in EFT activities; provides for the establishment of minimum standards for the transmission of funds electronically and provides for the establishment of regulations to deal with the manner and effect of such transfers.
EPS	Enhanced Prudential Standards	Section 165 of the Dodd-Frank Act required the Board to establish enhanced prudential standards for bank holding companies and foreign banking organizations with total consolidated assets of $50 billion (changed to some $100 billion and all $250 billion by Crapo) or more and nonbank financial companies that were designated by FSOC for supervision by the Board. The standards include enhanced risk-based and leverage capital, liquidity, risk management and risk committee requirements; a requirement to submit a resolution plan; single-counterparty credit limits; stress test requirements; and others as the Board determines.
eSLR	Enhanced Supplementary Leverage Ratio	A rule to strengthen the leverage ratio standards for the largest, most interconnected U.S. banking organizations. It applies to U.S. top-tier bank holding companies with more than $700 billion in consolidated

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		total assets or more than $10 trillion in assets under custody (covered BHCs) and their insured depository institution (IDI) subsidiaries (the eight large U.S. banking organizations meet the size thresholds and their IDI subsidiaries). Covered BHCs must maintain a leverage buffer greater than 2 percentage points above the minimum supplementary leverage ratio requirement of 3 percent, for a total of more than 5 percent, to avoid restrictions on capital distributions and discretionary bonus payments. IDI subsidiaries of covered BHCs must maintain at least a 6 percent supplementary leverage ratio to be considered "well capitalized" under the agencies' prompt corrective action framework.
FACT Act	Fair and Accurate Credit Transactions Act of 2003	Extensive amendments to the then existing Fair Credit Reporting Act to improve the accuracy and transparency of the national credit reporting system and preventing identity theft and assisting victims; restricts sharing of consumer information among affiliates without an opt out; contains provisions enhancing consumer rights in situations involving alleged identity theft, credit scoring, and claims of inaccurate information; allows consumers to request and obtain a free credit report once every twelve months from each of the three nationwide consumer credit reporting companies (Equifax, Experian and TransUnion).
FASB	Federal Accounting Standards Board	The organization primarily involved in developing Generally Accepted Accounting Principles.
FBO	Foreign Banking Office(s)	Refers to a foreign banking office of a domestic bank.
FCRA	Fair Credit Reporting Act	Consumer protection statute and regulations relating to the reporting of credit history.
FDCPA	Fair Debt Collection Practices Act	Provides rules for debt collection practices under regulations of the CFPB.
FDIA	Federal Deposit Insurance Act of 1950	Revised and consolidated earlier FDIC legislation into one act. Embodies the basic authority for the current operation of the FDIC.
FDIC	Federal Deposit Insurance Corporation	Provides federal insurance for deposits of virtually all commercial banks and thrifts, i.e., savings banks and savings and loans and serves as receiver in bank and thrift failures. The FDIC is also the principal federal regulator of state-chartered banks that are not members of the Federal Reserve System and state-chartered thrifts.
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991	Increased the powers and authority of the FDIC; recapitalized the Bank Insurance Fund; created new supervisory and regulatory examination standards; established new capital requirements for banks; ordered the creation of a risk-based deposit insurance assessment scheme; mandated a least-cost resolution method and prompt resolution approach to problem and failing banks; and created new Truth in Savings provisions. Also limited the authority of state banks and their subsidiaries to act as principal in activities prohibited to national banks without approval of the FDIC and prohibited insurance underwriting through state banks, except to the extent permitted to national banks.
Fed or Federal Reserve	Federal Reserve System	Refers to the central bank of the U. S. comprised of the Board and 12 Federal Reserve Banks. Also the regulatory authority for BHCs and THCs and the primary federal regulator of state banks that are members of the Federal Reserve System. See FRS.
Federal Funds Rate		A fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System which are arranged by Federal funds brokers, all as published for a particular day by the Federal Reserve Bank of New York.
FEMA	Federal Emergency Management Agency	Oversees the National Flood Insurance Program, which requires participating communities to adopt and enforce ordinances that meet or exceed FEMA requirements to reduce the risk of flooding. See NFIP.

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FFIEC	Federal Financial Institutions Examination Council	Interagency body composed of the FED, FDIC, and OCC empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions regulated by each of them and to make recommendations to promote uniformity in the supervision of financial institutions; was given additional statutory responsibilities by section 340 of the Housing and Community Development Act of 1980 to facilitate public access to data that depository institutions must disclose under HMDA and the aggregation of annual HMDA data, by census tract, for each metropolitan statistical area.
FHC	Financial Holding Company	A bank holding company which has requested and qualified to become a financial holding company and which has elected to engage in "financial activities" as defined in the Gramm Leach Bliley Act. In effect it is a holding company which may have subsidiaries engaged in commercial banking, investment banking and insurance. It and its subsidiary banks/thrifts must be well-capitalized and well-managed and in compliance with CRA and must maintain compliance with those tests or be subject to loss of powers.
FHFA	Federal Housing Finance Agency	The independent agency created in 2008 to regulate and supervise the GSEs, see FHFB.
FHFB	Federal Housing Finance Board	Created by FIRREA. Is under HUD and supervises the 12 FHLB's.
FHLB	Federal Home Loan Banks	12 Regional Banks regulated by FHLBB until FIRREA. Now regulated by Federal Housing Finance Board. Primarily serve as source of residential mortgage credit.
FHLBB	Federal Home Loan Bank Board	Established in 1932 as the regulator of federal and state savings and loan association or "thrifts". FIRREA replaced it with the OTS.
FHLMC	Federal Home Loan Mortgage Corporation	Commonly known as Freddie Mac, it is a federal government-sponsored enterprise (GSE) of the United States Government authorized to make loans and loan guarantees. Freddie Mac buys mortgages on the secondary market, pools them, and sells them as mortgage-backed securities to investors on the open market.
FICO	The Financing Corporation	A mixed-ownership governmental corporation chartered by the former Federal Home Loan Bank Board pursuant to the Competitive Equality Banking Act of 1987 to function as a financing vehicle for the recapitalization of the former FSLIC. FICO issued 30-year noncallable bonds of approximately $8.1 billion that matured in September, 2019. FICO's authority to issue bonds ended on December 12, 1991. Since 1996, federal legislation has required that all FDIC-insured depository institutions pay assessments to cover interest payments on FICO's outstanding obligations. The final payment was in March of 2019.
FinCEN	Financial Crimes Enforcement Network	The U.S. Department of the Treasury established the Financial Crimes Enforcement Network in 1990 to provide a government-wide multisource financial intelligence and analysis network. The organization's operation was broadened in 1994 to include regulatory responsibilities for administering the Bank Secrecy Act.
FIO	Federal Insurance Office	Created by Dodd-Frank as a part of Treasury. Its mandate is not to be a regulator or supervisor --that role stays with the states -but to monitor all aspects of insurance, assist Treasury and coordinate efforts in certain respects, recommend insurers who may be nonbank companies subject to supervision by the Federal Reserve, make preemption determinations and consult with state insurance regulators
FINRA	Financial Industry Regulatory Authority	The largest self-regulatory organization (SRO) for broker-dealers. It was created in July 2007 through the consolidation of the National Association of Securities Dealers (NASD) and the member regulation, enforcement, and arbitration functions of the New York Stock Exchange. Broker-dealers and their registered representatives and associated persons must hold licenses issued by FINRA, for instance

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		Series 7 and 24. FINRA produces and enforces the FINRA Rulebook.
Fin Sub	Financial Subsidiary	A type of subsidiary of a bank created by the Gramm-Leach-Bliley Act that has greater securities powers than the parent bank. The bank must be well-capitalized and well-managed to own a fin sub and must meet other prudential requirements.
FIRIRCA	Financial Institutions Regulatory and Interest Rate Control Act of 1978	Created the FFIEC. Established limits and reporting requirements for bank insider transactions. Created major statutory provisions regarding electronic fund transfers.
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act of 1989	Abolished FSLIC and gave FDIC the responsibility of insuring the deposits of thrift institutions in its place; created the Savings Association Insurance Fund (SAIF) as part of the FDIC insurance fund to cover thrifts while the fund covering banks was called the Bank Insurance Fund (BIF) was kept separately; abolished the FHLBB and created two new agencies, the Federal Housing Finance Board (FHFB) and the Office of Thrift Supervision (OTS), to replace it; created RTC as a temporary agency to manage the assets of failed thrifts.
FNMA	Federal National Mortgage Association	Commonly known as Fannie Mae, FNMA is a GSE that purchases qualifying residential home mortgages on the secondary market, pools them, and sells them as mortgage-backed securities to investors on the open market.
FOMC	Federal Open Market Committee	Part of the Federal Reserve Board that sets economic policy.
FRS	Federal Reserve System	The central banking system of the United States. It is a quasi-public (government entity with private components) banking system composed of (i) the presidentially appointed Board of Governors of the Federal Reserve System in Washington, D.C.; (ii) the Federal Open Market Committee; (iii) 12 regional Federal Reserve Banks located in major cities throughout the nation acting as fiscal agents for the U.S. Treasury; (iv) numerous private U.S. member banks, which subscribe to required amounts of non-transferable stock in their regional Federal Reserve Banks; and (v) various advisory councils.
FSA	Federal Savings Association	A federal depository institution charter originally established to focus on consumer real estate lending under the Home Owners' Loan Act. Chartered by and regulated by the OTS before Dodd-Frank and the OCC after July 21, 2011. Also, an abbreviation that a federal saving association can use in its name.
FSB	Federal Savings Bank	A federal depository institution charter originally established to focus on consumer real estate lending under the Home Owners' Loan Act. Chartered by and regulated by the OTS before Dodd-Frank and the OCC after July 21, 2011. Also, an abbreviation that a federal saving association can use in its name.
FSLIC	Federal Savings & Loan Insurance Corporation	A subsidiary of the FHLBB which provided deposit insurance to S&L's. Abolished by FIRREA, it was replaced by the FDIC, as insurer of all U.S. deposits.
FSOC	Financial Stability Oversight Council	Council created by Title I of Dodd-Frank and chaired by the Secretary of the Treasury. It is composed of representatives from the principal federal financial regulatory agencies and a representative of the insurance industry, with its principal mission to prevent systemic risk from threatening the financial system. In so doing, the Council will fill gaps in supervision, monitor financial market developments, identify emerging risks in firms and market activities, and facilitate coordination of interagency policy and resolution of disputes.
GAAP	Generally Accepted Accounting Principles.	Accounting standards adopted by FASB.
Garn-St Germain	Garn-St Germain Act	Deregulated the limitations of S&L's to take demand deposits and establish money market accounts; S&L's were authorized to make commercial, corporate, business, or agricultural loans up to 10% of

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		assets; expanded the powers of thrift institutions into a broader scope of activities and limited the insurance powers of bank holding companies; expanded FDIC powers to assist troubled banks; authorized a new capital assistance program, the Net Worth Certificate Program, under which the FSLIC and the FDIC would purchase capital instruments called Net Worth Certificates from savings institutions with net worth to assets ratios under 3%, and would later redeem the certificates as they regained financial health.
Glass-Steagall	Glass-Steagall Act	Established the FDIC as a temporary agency. Separated commercial banking from investment banking, establishing them as separate lines of commerce. Gramm-Leach-Bliley revised and eliminated most of the Glass-Steagall act relating to affiliations between investment banking organizations and commercial banks. The provisions dealing with limitations on bank activities were not modified by the GLBA.
GLBA	Gramm-Leach-Bliley Act of 1999	Repealed most of the Glass Steagall Act of 1933. Allows national banks to underwrite municipal bonds. Allows FHCs to engage in underwriting and selling insurance and securities, conducting both commercial and merchant banking, investing in and developing real estate and other "complimentary activities." Preserves authority of states to regulate insurance, but prohibits state actions that have the effect of preventing bank-affiliated firms from selling insurance on an equal basis with other insurance agents. Makes significant changes in the operation of the Federal Home Loan Bank System, easing membership requirements and loosening restrictions on the use of FHLB funds. Restricts the disclosure of nonpublic customer information by financial institutions.
GSE	Government-Sponsored Enterprise	Entities that are government related: FREDDY MAC, FANNY MAE, and the Federal Home Loan Banks
G-SIB	Global Systemically Important Bank	A financial institution whose distress or disorderly failure, because of its size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity. They must hold additional loss absorption capacity tailored to the impact of their default, to be met with common equity. The list is updated from time to time and includes JPMorgan Chase, Citigroup and Bank of America.
Hedge		An investment strategy to reduce the risk of adverse price movements in an asset. A hedge consists of taking an offsetting position in a related security, such as a futures contract.
Hedge Fund		An investment vehicle that pools capital from a number of investors and invests in securities and other instruments. They are administered by a professional management firm, and often structured as a limited partnership, limited liability company, or similar vehicle. They are typically structured to avoid registration under the federal securities laws.
HMDA	Home Mortgage Disclosure Act of 1975	Establishes minimum and uniform disclosures of the terms and related charges for Home mortgages.
HOEPA	Home Ownership and Equity Protection Act of 1994	Amends TILA to require additional disclosures and additional protections for closed end not-purchase money mortgages on principal residences; targets high interest and high fee loans mainly in the home equity area. Assignees of such loans are also liable for penalties. Fed issues regs defining rates which trigger the applicability and setting forth required disclosure forms and information.
HOLA	Home Owners Loan Act	Established the savings association charter and pro vides the rules for their supervision and regulation. The OCC now is the regulator with supervisory responsibility.
IAP	Institution Affiliated Party	Officers, Director, Principal Shareholders, Independent Contractors (which can include attorneys and accountants under some situations). The banking regulators may take enforcement actions against IAPs in certain circumstances, including imposing CMPs.

Banking TERM	REFERENCE	DEFINITION
IBF	International Banking Facility	A banking entity that any US bank, or a US branch/subsidiary of a foreign bank, or an Edge Act Corporation establishes in the United States to offer services to only non-US residents and institutions. The services offered include deposit and loan services.
IDI	Insured Depository Institution	Refers to banks and thrifts, any financial institution with FDIC-insured deposits. Frequently used in rulemaking by the banking agencies.
IHC	Intermediate Holding Company	As part of the Dodd-Frank Act's enhanced prudential standards, foreign banking organization with $50 billion or more in U.S. non-branch/agency assets were required to place virtually all U.S. subsidiaries underneath a top-tier U.S. intermediate holding company. IHC's are subject to U.S. Basel III, capital planning, Dodd-Frank stress testing, liquidity, risk management requirements and other U.S. EPS on a consolidated basis.
KYC	Know Your Customer	The due diligence that financial institutions and other regulated companies must perform to identify their clients and ascertain relevant information pertinent to doing financial business with them. In the USA, KYC is typically a policy implemented to conform to a customer identification program mandated under the Bank Secrecy Act and USA PATRIOT Act and to prevent identity theft fraud, money laundering and terrorist financing. It is a process which banks must continually undertake from the start of a customer relationship to the end.
LCR	1. Liquidity Coverage Ratio 2. Least Cost Resolution	1. Liquidity is a measure of the ability and ease with which bank assets may be converted to cash. Liquid assets are those that can be converted to cash quickly if needed to meet financial obligations. The LCR is designed to ensure that the banking entity has an adequate stock of unencumbered high-quality liquid assets that can be converted easily and immediately in private markets into cash to meet liquidity needs for a 30-calendar day liquidity stress scenario. The U.S. bank regulatory agencies implemented the LCR in September 2014 for the large banking organizations. 2. Refers to the requirement that the FDIC determine the least costly manner in which to resolve a failed IDI.
Leverage Ratio		A ratio of Tier 1 capital to book assets used to identify capital adequacy.
LFI	Large Financial Institution	A rating system imposed by the Federal Reserve in 2019 that replaces RFI/C(D) for holding companies $100 billion in assets or over. The LFI rating system is designed to: (i) align with current supervisory programs and practices for LFIs; (ii) enhance the clarity and consistency of supervisory assessments and communications of supervisory findings and implications; and (iii) provide greater transparency to firms regarding the supervisory consequences of a given rating.
LH&A	Life, Health and Accident	Types of insurance some financial institutions and holding companies may sell (depending on the powers of the charter) that cover risks associated with death, accidents and health Certain kinds of life insurance with investment characteristics are considered to be NDIPs. Bank sales are subject to Consumer Protections in the Sale of Insurance, adopted by all the agencies. See 12 C.F.R. Part 14 for national banks and federal thrifts.
Living Will		Required by Dodd-Frank for the largest institutions. All BHCs with over $250 billion in assets (and on a case-by-case basis, some over $100 billion) are required to submit and obtain approval of a plan to unwind the organization in the event of insolvency.
Line of Business		Refers to an activity of a company which is reasonably separable. The SEC requires that there be separate breakdowns of key economic data for each line of business of a registered company that accounts for more than 20% of the company's revenues.
Loans-to-One Borrower	12 USC § 84 for national banks.	The lending limit that a bank may extend credit to one borrower.

Banking Law: Acronyms, Lingo and Jargon (2024)

Banking TERM	REFERENCE	DEFINITION
LTOB	See Loans-to-One-Borrower	
Member bank	Member of FRS	State banks that choose to become members of the FRS and have the Fed as their primary federal regulator. They purchase stock in the FRB in their area to become members.
MBS	Mortgage-Backed Security	An asset-backed security that is secured by a mortgage, or more commonly a collection of hundreds of mortgages. The mortgages are sold to a group that "securitizes", or packages, the loans together into a security that can be sold to investors. In the U.S., they may be issued by government-sponsored enterprises like Fannie Mae or Freddie Mac, or they can be "private-label", issued by structures set up by investment banks.
MDI	Minority Depository Institution under Section 8 of FIRREA	The FDIC's Policy Statement defines MDI as any Federally insured depository institution where 51 percent or more of the voting stock is owned by minority individuals. "Minority" as defined by Section 308 of FIRREA means any "Black American, Asian American, Hispanic American, or Native American." The voting stock must be held by U.S. citizens or permanent legal U.S. residents to be counted in determining minority ownership. In addition to institutions that meet the ownership test, institutions will be considered minority depository institutions if a majority of the Board of Directors is minority **and** the community that the institution serves is predominantly minority.
MMDA	Money Market Deposit Account	A type of savings account under Reg D. Certain transfers are limited to 6 per month.
MRB	Marijuana-Related Business	An acronym one would not have expected to find in banking, but, as states legalize marijuana, MRB's as bank customers becomes a bigger risk and AML-BSA issue.
MOU	Memorandum of Understanding	Agreement between regulator and institution regarding require change in practices and operations.
MRA	Matter Requiring Attention	An examiner instruction to management of an examined entity to correct a violation of law or other commission or omission.
MRIA	Matter Requiring Immediate Attention	An examiner instruction to management to correct a problem immediately.
N.A.	National Association	An abbreviation that a national bank can use in its name instead of national bank.
NACHA	National Automated Clearinghouse Association	The administrator of the ACH Network. It manages and enforces the ACH Operating Rules and is a payments industry trade association. The NACHA Rules provide the legal foundation for the ACH Network.
NAFCU	National Association of Federal Credit Unions	Trade Association of Federal Credit Unions
NASCUS	National Association of State Credit Union Supervisors	A professional regulators association composed of State credit union regulators, which is the primary resource and lobbyist for the 47 state governmental agencies that charter, regulate and examine the nation's state-chartered credit unions. (Delaware, South Dakota and Wyoming have no laws permitting state-chartered credit unions.) Also acts as the liaison to federal agencies, including the NCUA.
NASD	National Association of Securities Dealers	Formerly, the SRO for most broker-dealers. Now FINRA.
NBA	National Bank Act of 1864	Established a national banking system and the chartering of national banks,; established the Office of the Comptroller of the Currency (OCC) as the administrator of national banks.
NCUA	National Credit Union Administration; National Credit Union Act	The primary supervisor of federal credit unions. It insures deposit of both state and federal credit unions and the administrator of the National Credit Union Share Insurance Fund (NCUSIF), the insurer of most state-chartered credit unions. The Act establishes and provides

Banking TERM	REFERENCE	DEFINITION
		authority for NCUA and provides the legal framework for the charter of federal credit unions and the regulation of federal and state credit unions.
NCUSIF	National Credit Union Share Insurance Fund	Equivalent of FDIC deposit insurance for customers of credit unions.
NDIP	Nondeposit Investment Product	Includes securities, mutual funds, annuities and life insurance with investment features. Typically referred to in the context of bank direct or indirect sale of the products to retail customers, which is the subject of the Interagency Statement on Retail Sales of Nondeposit Investment Products.
NFIP	National Flood Insurance Program	Provides a means for property owners to financially protect themselves against floods. The Federal Emergency Management Agency (FEMA) oversees the program, which requires participating communities to adopt and enforce ordinances that meet or exceed FEMA requirements to reduce the risk of flooding. Homeowners must secure the flood insurance policy before closing on a property and renew it every year to cover the principal balance on the loan. When financial institutions make mortgage loans on properties in flood zones, they have an obligation to place flood insurance and force-place such insurance if the mortgagor fails to do so.
Nonmember bank		State banks that do not choose to be members of the FRS and have the FDIC as their primary federal regulator.
NOW	Negotiable Order of Withdrawal	A type of transaction account like a checking account. Banks must hold reserves on transaction accounts under Reg D.
NPR	Notice of Proposed Rulemaking	Required by administrative law, it is a notice published in the Federal Register when one of the agencies of the U.S government, including the banking agencies, wishes to add, remove, or change a rule or regulation as part of the rulemaking process. NPR's give the public the opportunity to submit comments that must be considered in connection with final rulemaking.
NSF	Non-sufficient Funds (bad check charges)	Refers to a fee charged when there are insufficient funds to settle a check or card obligation.
OCC	Office of the Comptroller of the Currency	A bureau of the Treasury that charters and supervises national banks and federal thrifts. It has rulemaking authority under the NBA and HOLA.
ODP	Overdraft Protection	A service many banks offer so that depositors can overdraw their bank accounts and have the overdraft covered, subject to fees. If structured properly, the service has historically been exempt from federal law regarding consumer open-end credit, but overdrafts of ATM and debit card transactions are subject to an opt-in under Reg E, 12 C.F.R. 1005.
OFAC	Office of Foreign Assets Control	An agency of the United States Department of the Treasury. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals.
Op Sub	Operating Subsidiary	A subsidiary controlled by a bank or thrift that may only engage in the activities of the parent bank.
OREO	Other Real Estate Owned	Classification for assets of a financial institution acquired in foreclosure of collateral securing a loan.
OTS	Office of Thrift Supervision	A part of Treasury that regulated federal thrifts and thrift holding companies and was the federal regulator for state thrifts before the DFA transfer date, when it merged with the OCC.
Overdraft		When there are insufficient funds in an account and the bank makes the payment. Overdraft practices and charges are restricted by Reg E.

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Banking TERM	REFERENCE	DEFINITION
Overline	Overline Loan	A loan that exceeds the bank's lending limit.
Oversight Council	Financial Stability Oversight Council	See FSOC.
Part 1	12 C.F.R. Part 1	Generally refers to the regulations of the OCC at 12 C.F.R. Part 1 that restrict the investments national banks, federal thrifts and state member banks may make. Many state non-member banks are subject to the same rules if state law so provides.
P&C	Property and Casualty Insurance	Type of insurance some financial institutions and holding companies may sell that covers risks of destruction or loss of personal and commercial properties. Bank sales are subject to Consumer Protections in the Sale of Insurance, adopted by all the agencies. See 12 C.F.R. Part 14 for national banks and federal thrifts.
PCA	Prompt Corrective Action	Federal law provides the federal banking regulators with broad power to take prompt corrective action to resolve the problems of undercapitalized institutions. The extent of the regulators' powers depends on whether the institution in question is "adequately capitalized," "undercapitalized," "significantly undercapitalized" or "critically undercapitalized," in each case as defined by regulation. Depending upon the capital category to which an institution is assigned, the regulators' corrective powers include: (i) requiring the institution to submit a capital restoration plan; (ii) limiting the institution's asset growth and restricting its activities; (iii) requiring the institution to issue additional capital stock (including additional voting stock) or to sell itself; (iv) restricting transactions between the institution and its affiliates; (v) restricting the interest rate that the institution may pay on deposits; (vi) ordering a new election of directors of the institution; (vii) requiring that senior executive officers or directors be dismissed; (viii) prohibiting the institution from accepting deposits from correspondent banks; (ix) requiring the institution to divest certain subsidiaries; (x) prohibiting the payment of principal or interest on subordinated debt; and (xi) ultimately, appointing a receiver for the institution.
QFC	Qualified Financial Contract	Refers to swaps, derivatives and repurchase agreements that the FDIC must determine to affirm or unwind within one day of receivership of a failed IDI.
QM	Qualified Mortgage	The CFPB's QM requirement implements sections 1411 and 1412 of Dodd-Frank, which generally require creditors to make a reasonable, good faith determination of a consumer's ability to repay (ATR) any consumer credit transaction secured by a dwelling (excluding an open-end credit plan, timeshare plan, reverse mortgage, or temporary loan) and establishes certain protections from liability under this requirement for QMs.
QTL	Qualified Thrift Lender	A test that savings associations must meet to be regulated as thrifts instead of banks or BHCs. The test requires a majority of assets to be dedicated to mortgage and consumer lending. DFA imposes more severe sanctions on savings associations that do not meet the test, including prohibiting dividend payments to shareholders.
Reg or Reg.	Regulation	Abbreviation used to reference a particular regulation. Bank regulatory agencies promulgate regulations under most statutes for which they have rulemaking authority. Under the Administrative Procedures Act, such proposed regulations are subject to notice and comment. They are published in the Federal Register. Federal banking regulations are codified in 12 C.F.R. in the part dedicated to the regulator promulgating the regulation.
Reg B	Equal Credit 12 C.F.R. Part 1002	Former Fed regulation transferred to CFPB that implements the Equal Credit Opportunity Act. The purpose of Reg B is to promote the availability of credit to all creditworthy applicants without regard to race, color, religion, national origin, sex, marital status or age

Banking TERM	REFERENCE	DEFINITION
		(provided the applicant has the capacity to contract under state law). The regulation also prohibits the denial of credit merely because an applicant's income is derived from public assistance sources, such as Social Security disability payments. Reg B focuses on the fair treatment of customers in the granting of credit. At its heart, the regulation says the decision to grant credit is to be based on the borrower's ability to meet the lender's credit standards. Matters such as the race, age or marital status of the borrower or the borrower's reliance on public assistance to repay the loan have no place in the decision to lend.
Reg C	Home Loan Disclosure 12 C.F.R. Part 1003	Requires banks and thrifts to collect and report information as to loan applications received and mortgage loans made by or purchased by them. Information as to income level, race, gender, and other similar information is collected and compared to determine if discriminatory practices exist.
Reg D	1. Fed regulation on deposit accounts 12 C.F.R. 204 2. Regulation promulgated by the SEC that constitutes a significant private offering exemption under the Securities Act of 1933	1. Under Fed Reg D, the various kinds of deposit accounts are defined and reserve requirement are established. Also, limitations apply to transaction in savings accounts. 2. Under SEC Reg D substantial amounts of capital may be raised by private sales of equity securities to accredited investors so long as offers to other persons are limited.
Reg E	Electronic Funds Transfers 12 C.F.R. Part 1005	Former Fed regulation transferred to CFPB that implements the Electronic Funds Transfer Act. Provides for disclosures and limitations on activities in connection with devises that access accounts. Also implements the CARD Act on gift card limitations and overdraft requirements.
Reg K	International Banking 12 C.F.R. Part 211	Fed regulation that provides for the regulation of banking activities of U.S. Banks offshore; activities of foreign banks within the U.S.; and sets capital requirements for international structures.
Reg O	Insider Transactions 12 U.S.C. §375	Fed regulation implementing legal limitations on loans to officers, directors, and principal shareholder of banks and certain affiliates.
Reg P	Privacy 12 C.F.R. Part 1016	Implements the GLBA Title V privacy provisions by requiring all financial institutions to institute privacy policies with respect to consumer non-public personal information (NPPI) and disclose the same annually and upon account opening. Reg P is for bank holding companies and state member banks. The federal banking agencies have virtually identical regulations.
Reg Q	Federal Reserve capital rules under Basel III and DFA 12 C.F.R. 217	Provides for the capital regime for U.S. banks, thrifts and their parent companies effective January 1, 2015. See Basel III.
Reg R	Joint Fed/ SEC Regulation dealing with Securities Activities of Banks required by GLBA 12 C.F.R. 218 (Fed) 17 C.F.R. 247 (SEC)	Defines the scope of securities activities that banks, thrifts, and credit union may conduct without registering with the Securities Exchange Commission as a securities broker and implements the most important exceptions from the definition of the term broker for banks under section 3(a)(4) of the Securities Exchange Act of 1934. Specifically, the regulation implements the statutory exceptions that allow a bank, subject to certain conditions, to continue to conduct securities transactions for its customers as part of its trust and fiduciary, custodial, and deposit "sweep" functions and to refer customers to a securities broker-dealer pursuant to a networking arrangement with the broker.
Reg W	Affiliate Transactions (12 U.S.C. 371 c and c-1) 12 C.F.R. Part 223	Federal Reserve regulation that implements Sections 23A and 23 B of Federal Reserve Act. These related laws restrict covered transactions between a bank and its affiliates and require many affiliate transactions to be on market terms.

Banking TERM	REFERENCE	DEFINITION
Reg X	Implements RESPA 12 C.F.R. 1024	Regulation originally by HUD but with CFPB as successor, sets out requirements under RESPA, including disclosure requirements and anti-kickback provisions.
Reg Y	Implements the BHCA 12 C.F.R. Part 225	Regulation by Fed that implements the Bank Holding Company Act, including application requirements and the list of activities permitted under section 4(c)(8).
Reg DD	Truth in Savings 12 C.F.R. Par 1030	Former Fed regulation transferred to CFPB that implements the Truth in Savings Act. Provides for uniform disclosures to depositors so they can easily compare rates and restrictions regarding savings accounts.
Repo	Repurchase Agreement	A financial transaction in which on party "purchases" a government security form another party and then resells it the next day (overnight repo) or at a specified term (term repo) for the purchase price plus interest. Often an IDI is the repos seller to a customer and the repos is accomplished through a sweep of funds from the customer's DDA as a means to earn interest on the deposit or provide safety of the funds above the FDIC-insured amount. Repos must be secured on behalf of the purchaser with a priority lien on the government securities as if a secured financing.
Reserves	12 C.F.R. Part 204	Federal Reserve regulations require insured depository institutions to maintain reserves against their transaction accounts (primarily NOW and regular checking accounts). The reserve requirements are subject to annual adjustment by the Federal Reserve.
RESPA	Real Estate Settlement Procedures Act	Sets out required disclosures for mortgage loans and prohibits illegal steering of loans and kickbacks for home mortgage referrals.
RFC	Resolution Funding Corporation	Created by FIRREA to provide funding for RTC operations during and after the thrift crisis when FSLIC, the insurer for savings and loan associations, ran out of funds.
RFI/C(D)	Federal Reserve BHC Rating System for holding companies under $100 billion	The main components of the RFI rating system are risk management practices (R component) and financial condition (F component) of the consolidated organization, and an assessment of the potential impact (I component) of a holding company's nondepository entities on its subsidiary depository institution(s). A holding company under the RFI rating system is assigned a composite rating (C) based on an evaluation and rating of its managerial and financial condition and an assessment of future potential risk to its subsidiary depository institution(s). A holding company under the RFI rating system is also assigned a depository institution (D) component rating that generally mirrors the primary regulator's assessment of the subsidiary depository institution(s).
Riegle-Neal	Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994	Eliminates state barriers to national expansion of banks and BHCs. Allows interstate mergers between banks, subject to concentration limits, state laws and CRA evaluations.
ROA	Return on Assets	A ratio of an institution's net earnings to total assets. Often used a benchmark to indicate how well a bank is earning.
ROE	1. Return on Equity 2. Report of Exam	1. A ratio of a bank's net earnings to total equity. Often used a benchmark to indicate how well a bank is earning. 2. The report examiners deliver to financial institutions following an examination. The report will include exam findings and the rating assigned to the institution. It must be signed by the directors and is considered the confidential property of the banking agency which examined the institution.
RTC	Resolution Trust Corporation	Created by FIRREA; given the responsibility of managing and disposing of the assets of failed institutions. An Oversight Board was created to provide supervisory authority over the policies of the RTC.
RWA	Risk-Weighted Assets	The denominator of the capital requirements, except for the leverage ratio. Assets are assigned risk-weighting amounts that are then

Banking TERM	REFERENCE	DEFINITION
		applied to determine total assets. Off-balance sheet exposures are also brought on the balance sheet and risk weighted.
S&L	Savings and Loan Association or Savings Association	Refers to a state or federally charted savings and loan association. A depository institution that historically focused its business on mortgage lending and savings. Now it is regulated by the OCC if it is a federal association and the FDIC and the state if it is state chartered.
S&LHC	Savings and Loan Holding Company	A company that owns one or more savings associations. SLHC's were regulated by the OTS until the July 21, 2011 and now regulated by the Federal Reserve.
Safety and Soundness or S & S		The catch-all prudential rules applicable to banks/thrifts to assure the health of our financial system. The federal banking agencies have adopted guidelines that establish operational and managerial standards to promote the safety and soundness of federally insured depository institutions. The guidelines set forth standards for internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, asset quality and earnings. In general, the safety and soundness guidelines prescribe the goals to be achieved in each area, and each institution is responsible for establishing its own procedures to achieve those goals. If an institution fails to comply with any of the standards set forth in the guidelines, the institution's primary federal regulator may require the institution to submit a plan for achieving and maintaining compliance. If an institution fails to submit an acceptable compliance plan, or fails in any material respect to implement a compliance plan that has been accepted by its primary federal regulator, the regulator is required to issue an order directing the institution to cure the deficiency.
SAIF	Savings Association Insurance Fund	Created by FIRREA; insured the deposits of thrifts but later consolidated with BIF into a single fund administered by the FDIC, the DIF.
SAR	Suspicious Activity Report	Report required to be filed where deposits or other activities may, but not necessarily, indicate the violation of law or regulation.
SEC	Securities and Exchange Commission	The SEC is a federal agency created to protect investors and maintain the integrity of the securities markets (exchanges and over-the-counter markets). It has rulemaking authority and enforces the Securities Act of 1933 and the Securities Exchange Act of 1934, as well as the Investment Advisor Act of 1949, the Investment Company Act of 1940 and the Trust Indenture Act.
SFHA	Standard Flood Hazard Area	The areas for which flood insurance is available under the NFIP as determined by FEMA. Lenders must document the flood hazard determination as part of the mortgage lending process.
SICC	Standard Industrial Classification Code	A numerical code developed by the Department of Commerce whereby virtually any business activity has a numerical indicator This code can be found in financial reference manuals and is utilized by the SEC as part of the periodic filings it requires of registered companies. It is also used by a number of other governmental authorities including the Federal Trade Commission and the Antitrust Division of the Department of Justice.
SIDD	Separately Identifiable Department or Division	Has relevance in connection with certain advisory activities under GLBA that banks may either conduct through a subsidiary or through a SIDD.
SIFI	Systemically Important Financial Institution	FHC or non-bank supervised by the Federal Reserve as systemically important under Dodd-Frank.
SLA	Shared Loss Agreement	Used by the FDIC in connection with the resolution of failed institutions to keep assets in the banking sector and minimize losses. Winning bidders for the deposits of failed institutions enter into SLAs with the FDIC.

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Banking TERM	REFERENCE	DEFINITION
SMDIA	Standard Maximum Deposit Insurance Amount	It is the amount of FDIC insurance on accounts at banks and thrifts. Single accounts (owned by one person with no beneficiaries): $250,000 per owner; Joint Accounts (two or more persons with no beneficiaries): $250,000 per co-owner; IRAs and other certain retirement accounts: $250,000 per owner; Revocable trust accounts: Each owner is insured up to $250,000 for each unique eligible beneficiary named or identified in the revocable trust, subject to specific limitations and requirements.
Spence Act	Savings and Loan Holding Company Act of 1959	Created a temporary moratorium on acquisition of additional thrifts by multi thrift holding companies and limited S&L Holding Companies to a single thrift. Established the regulatory framework for holding companies that owned more than one thrift.
SRO	Self-regulatory Organization	A membership-based organization that creates and enforces rules for members based on the federal securities laws. SROs, which are overseen by the SEC, are the front line in regulating broker-dealers.
Sweep		Refers to a number of financial transactions between a bank and its customers pursuant to which funds above a target balance are moved out of a customer account and then are returned the next morning or at the term. Sweeps allow DDA funds to earn interest and /or provide safety above the FDIC-insured amount. Sweeps can be into repos, money market funds, MMDA's, affiliate banks, etc.
TAG	Transaction Account Guarantee	A guarantee of the FDIC that provided customers of participating institutions with full coverage on transaction accounts. It was one of the arsenal of programs put in place to avert the financial crisis, especially to prevent liquidity crises. Dodd-Frank continued TAG until December 31, 2012.
TARP	Troubled Asset Relief Program	Established under EESA and was intended to provide a mechanism for the purchase of troubled assets from financial institutions under either an auction option (if there is a market price) or a direct purchase option and, in the latter situation, may take a non-voting equity interest in the selling institution. It turned into a mechanism to infuse capital into institutions through Treasury's purchases of preferred stock and warrants.
TBTF	Too Big to Fail	A wide-spread belief that certain very large financial institutions would cause wide-spread systemic problems if they were to fail. Title II of DFA is dedicated to mitigation of TBTF.
Texas Ratio		A leading indicator of financial institutions that may fail – adversely classified assets plus OREO divided by tangible equity capital plus reserves. A Texas ratio of 100 % is the sign of a troubled bank.
THC	Thrift holding company	See S&LHC.
Thrift		A term used generally to apply to S&Ls.
Tier 1	Tier 1 Capital Ratio	The core measure of a bank's financial strength from a regulator's point of view. It consists primarily of shareholders' equity but may also include preferred stock that is irredeemable and non-cumulative and retained earnings.
Tier 2	Tier 2 Capital	Capital not included in Tier 1, typically subordinated debt, preferred stock that is not perpetual or accumulates skipped dividends, and part of the ALLL. It is used to calculate the Total Risk-based Capital Ratio.
TISA	Truth in Savings Act	Part of the larger Federal Deposit Insurance Corporation Improvement Act of 1991 that is implemented by Reg DD. It established uniformity in the disclosure of terms and conditions regarding interest and fees when giving out information on or opening a new savings account to allow the consumer to make informed decisions.
TILA	Truth in Lending Act	Initial and subsequent legislation establishing uniform nationwide consumer protection in lending and subsequently leasing of family homes and household items by requiring uniform disclosures of

Banking TERM	REFERENCE	DEFINITION
		information as to the terms of the loans/leases. Subparts are: FCBA Fair Credit Billing Act, FCCCPA Fair Credit and Credit Card Protection Act, HELCPA Home Equity Lines of Credit Protection Act, HOPEA Home Ownership and Equity Protection Act
TISA	Truth in Savings Act	Part of the larger Federal Deposit Insurance Corporation Improvement Act of 1991 and is implemented by Reg DD. It established uniformity in the disclosure of terms and conditions regarding interest and fees when giving out information on or opening a new savings account to allow the consumer to make informed decisions.
TLAC	Total loss-absorbing capacity	For domestic GSIBs, DFA requires the Federal Reserve to set a minimum level of long-term debt that could be used to recapitalize these firms' critical operations upon failure. The TLAC requirement can be met with both regulatory capital and long-term debt. The debt would convert to equity upon failure so that shareholder, not taxpayers, would absorb the losses.
Transfer Date		The date under Dodd-Frank on which many of the bank regulatory changes occurred –July 21, 2011.
Treasury	US Department of the Treasury	Supervises the federal banking system.
TRID	**T**ruth-in-Lending **R**ESPA **I**ntegrated **D**isclosure	Includes integrated home mortgage disclosures required to be created by the CFPB under Dodd-Frank.
TRuPs	Trust Preferred Securities	These instruments, which were issued by a special purpose entity ("SPE") created by a BHC, qualified under GAAP as minority interests in a consolidated subsidiary and therefore as regulatory capital. In 1996, the Federal Reserve expanded the definition of cumulative preferred stock to TRuPS, which could count as capital within a 25% Tier 1 sublimit. However, under both DFA and Basel III, TRuPS were excluded from capital, except securities that were issued prior to May 19, 2010 by bank holding companies with less than $15 billion of assets as of December 31, 2009, may be retained as Tier I Capital subject to certain restrictions.
UFIRS	Uniform Financial Institution Rating System	Internal supervisory tool for evaluating the soundness of financial institutions on a uniform basis and for identifying those institutions requiring special attention or concern, adopted by the FFIEC on November 13, 1979.
Unitary S&LHC	Unitary Thrift/Savings Association Holding Company	A holding company of only one federal or state savings association that was grandfathered under GLBA and may engage in any activity, including any commercial activity.
USA PATRIOT Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001	Expands the authority of US law enforcement agencies for the stated purpose of fighting terrorism in the United States and abroad. Among its provisions; increases the ability of law enforcement agencies to search telephone, e-mail communications, medical, financial and other records; eases restrictions on foreign intelligence gathering within the United States; expands the Secretary of the Treasury's authority to regulate financial transactions, particularly those involving foreign individuals and entities; and enhances the discretion of law enforcement and immigration authorities in detaining and deporting immigrants suspected of terrorism-related acts; also expands the definition of terrorism to include domestic terrorism, thus enlarging the number of activities to which the USA Patriot Act's expanded law enforcement powers can be applied. Title III of the Act is known formally as the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001 (IMLA Act). Expands the duties of banks in reporting high-risk activities, it also substantially raises the stakes for non-compliance with federal money laundering legislation and increases the scope of businesses now required to participate in anti-money laundering efforts

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Banking TERM	**REFERENCE**	**DEFINITION**
USPAP	Uniform Standards of Professional Appraisal Practice	Quality control standards applicable for appraisal analysis and reports in the United States and its territories and Canada.
Volcker Rule	Section 619 of Dodd-Frank, known colloquially as the "Volcker Rule" because of its patronage by former Federal Reserve Board chairman Paul Volcker	An amendment to the BHC Act that restricts banks from making certain kinds of speculative investments that do not benefit their customers. Specifically, it: prohibits insured depository institutions and their affiliates from: (i) engaging in "proprietary trading"; (ii) acquiring or retaining any equity, partnership or other ownership interest in a hedge fund or private equity fund; and (iii) sponsoring a hedge fund or a private equity fund.
Well-capitalized		Banks/thrifts and their holding companies (except for BHCs with less than $3 billion in assets) must be well-capitalized for numerous regulatory purposes. BHCs and all bank/thrift subsidiaries must be well-capitalized to be FHCs. The measures under Basel I are: A leverage ratio of Tier 1 Capital to total assets of 5% or greater; a ratio of Tier 1 Capital to total risk-weighted assets of 6% or greater; and a ratio of Total Capital to total risk-weighted assets of 10% or greater. In order to be a well-capitalized under Basel III, a bank/thrift and holding company must maintain a Common Equity Tier 1 Capital ratio of 6.5% or more (a new category); a Tier 1 Capital ratio of 8% or more; a Total Capital ratio of 10% or more; and a leverage ratio of 5% or more.
Well-managed		Banks/thrifts and their holding companies must be well-managed for numerous regulatory purposes. BHCs and all bank/thrift subsidiaries must be well-capitalized to be FHCs. It means that the Management rating in the CAMELS ratings was a 1 or 2.
Wild card		A law that matches powers of one type of financial institution to another. Usually, a state law that permits a state bank to engage in the activities permissible to a national bank by interpretation of the OCC. However, it may work the other way as well.