

# Alphabetical Subject Index

## Section 6000.0

A		Accounting for Leases—continued	
Absences from Sensitive Positions	2010.9.1	Laws, Regulations, Interpretations, and Orders	3140.0.7
Inspection Objectives	2010.9.2	Leveraged Leases	3140.0.4
Inspection Procedures	2010.9.3	Operating Method of Accounting for Leases—	
Accountants and Accounting Firms Performing Certain Audit Services, Disciplinary Actions Against	2110.0.4	Lessee	3140.0.3.1.1
Accounting and Controls	3090.2.4.2	Operating Method of Accounting for Leases—Lessor	3140.0.3.2.1
Accounting and Reporting for Derivative Loan Commitments to Originate and Sell Mortgage Loans, Interagency Advisory— <i>See also</i> Derivative Commitments to Originate and Sell Mortgage Loans.	3071.0.1	Accounting Literature—Mortgage Banking	3070.0.12
Accounting for Defined Benefit Pension and other Postretirement Plans	4060.3.5.4.7	Accounts Receivable Financing	3090.2
Accounting for Futures Contracts	2130.0.14	Accounting and Controls	3090.2.4.2
Criteria for Hedge Accounting Treatment	2130.0.14.3	Asset Evaluation	3090.2.4.5
Gains and Losses from Monthly Contract Valuations of Futures Contracts That Qualify as Hedges	2130.0.14.4	DPC Assets	3090.2.4.6
Performance Bonds Under Futures Contracts	2130.0.14.1	Definitions	3090.2.4.3
Valuation of Open Positions	2130.0.14.2	Financial Condition	3090.2.4.7
Accounting Guidelines for Leveraged ESOP Transactions	2080.5.2.1	Funding	3090.2.2
Accounting for Leases	3140.0.3	Inspection Objectives	3090.2.3
Accounting for Leases by a Lessee	3140.0.3.1	Inspection Procedures	3090.2.4
Accounting for Leases by a Lessor	3140.0.3.2	Laws, Regulations, Interpretations, and Orders	3090.2.5
Balance Sheet Presentation	3140.0.3.2.3	On-Site Procedures	3090.2.4.1
Capitalized Lease Method of Accounting for Leases—Lessee	3140.0.3.1.2	Over-Advances and Other Loans	3090.2.4.4
Classification	3140.0.3.2.4	Accounting, Reporting, and Disclosure Issues—	
Delinquency	3140.0.3.2.5	Nonaccrual Loans and Restructured Debt	2065.1
Direct Financing Capitalized Lease	3140.0.3.2.2	Acquisition of Nonaccrual Assets	2065.1.5
Full-Payout Leasing	3140.0.1	Cash-Basis Income	
Inspection Objectives	3140.0.5	Recognition on Nonaccrual Assets	2065.1.1
Inspection Procedures	3140.0.6	In-Substance Foreclosures	2065.1.7
		Liquidation Values of Real Estate Loans	2065.1.8
		Nonaccrual Assets Subject to SFAS 15 and SFAS 114 Restructurings	2065.1.2
		Nonaccrual Loans That Have Demonstrated Sustained Contractual Performance	2065.1.4.2
		Nonaccrual Loans with Partial Charge-Offs	2065.1.6
		Nonaccrual Treatment of Multiple Loans to One Borrower	2065.1.4
		Restructurings Resulting in a Market Interest Rate	2065.1.3

Accounting, Reporting, and Disclosure Issues—		Allowance for Loan and Lease Losses—Determining an Adequate Level	2065.2
Nonaccrual Loans and Restructured Debt—continued		Inspection Objectives	2065.2.1
Troubled-Debt		Inspection Procedures	2065.2.2
Restructuring—Returning a Multiple-Note Structure to Accrual Status	2065.1.4.1	Allowance for Loan and Lease Losses of Financial Institution Subsidiaries	2065.3
Acquisition of Assets or Shares in DPC— <i>See</i> DPC Assets and Shares.		2006 Interagency Policy Statement on the Allowance for Loan and Lease Losses	2065.3.1
Acquisition Debt	4010.1.1	ALLL Level Reflected in Regulatory Reports	2065.3.1.4
Acquisition of Defaulted Debt	3104.0	Analyzing the Overall Measurement of the ALLL	2065.3.1.2.4
Acquisition of Nonaccrual Assets	2065.1.5	Appendix 1—Loan-Review Systems	2065.3.1.5
Acquisition of Nonbank Interests— <i>See</i> Nonbanking Acquisitions.		Appendix 2—International Transfer Risk Considerations	2065.3.1.6
Acquisitions of Bank Shares Through Fiduciary Accounts	2090.5	Appropriate ALLL Level	2065.3.1.2.1
Acquisitions of Savings Associations	3111.0	Estimated Credit Losses in Credit Related Accounts	2065.3.1.2.5
Activities Closely Related to Banking— <i>See</i> Nonbanking Activities.		Examiner Responsibilities	2065.3.1.3
Administrative Procedures	2140.0.3.2	Factors to Consider in the Estimation of Credit Losses	2065.3.1.2.4
Advances to Subsidiaries		Loan Classification or Credit Grading Systems	2065.3.1.5.1
Advice on Futures and Options on Futures	3130.4.4.2	Loan-Review Systems, Elements of	2065.3.1.5.2
Advice, Mergers, Corporate or Capital Structurings and Financing Transactions	3130.3, 4010.2.5	Measurement of Estimated Credit Losses	2065.3.1.2.3
Advisers	3130.0	Nature and Purpose of the ALLL	2065.3.1.1
Advisory Activities		Overview of the ALLL Policy Statement	2065.3.0
General Financial and Investment	3130.0	Responsibility of the Board of Directors and Management	2065.3.1.2
Inspection Objectives	3130.0.1	Allowance for Loan and Lease Losses (ALLL) Methodologies and Documentation	2065.4
Inspection Procedures	3130.0.2	ALLL, Application of GAAP, Appendix	2065.4.1.8
Real Estate		ALLL Methodologies and Documentation, 2001 Policy Statement	2065.4.1
Development-State and Local Government	3130.1.1	ALLL Under FAS 5	2065.4.1.5
Advisory, Informational, and Statistical Forecasting Services		ALLL Under FAS 114	2065.4.1.4
Currency Swaps	3130.4.3	Consolidating the Loss Estimates	2065.4.1.6
Foreign Exchange, Swaps, Commodities and Derivatives	3130.4.1	Documentation of ALLL Methodology in Written Policies and Procedures	2065.4.1.3.1
Futures	3130.4.4		
Loan Syndications, Interest-Rate Swaps, and Caps	3130.4.2		
Advisory Opinions	2120.0.9		
Agency Transactional Services—Other Transactions	3255.0		

Allowance for Loan and Lease Losses (ALLL) Methodologies and Documentation—continued		Appraisals and Evaluations, Real Estate—continued	
Documentation Standards	2065.4.1.1	Evaluation Requirements	2231.0.8
Estimating Loss on Groups of Loans	2065.4.1.5.2	Evaluations	2231.0.14.4
Inspection Objectives	2065.4.2	Evaluator Qualifications	2231.0.9.5
Inspection Procedures	2065.4.3	Examiner Review	2231.0.10
Methodology	2065.4.1.3	Form and Content of Evaluations	2231.0.8.1
Policies and Procedures	2065.4.1.2	Guidelines for Program	2231.0.16
Segmenting the Portfolio	2065.4.1.5.1	Income Approach	2231.0.6.1.3
Supporting Documentation for the Validation Process	2065.4.1.7.1	Independent Appraisal and Evaluation Functions, Interagency Statement on (Appendix B)	2231.0.17
Validating the ALLL Methodology	2065.4.1.7	Inspection Objectives	2231.0.12
Analysis of Financial Condition and Risk Assessment	4030.0.2	Inspection Procedures	2231.0.13
Analysis of Underlying Sources to Fund Debt and to Meet Other Obligations	4010.2.4	Internal Control Questionnaire	2231.0.14
Analyzing Bank Capital	4020.1	Laws, Regulations, Interpretations, and Orders	2231.0.15
Analyzing Funding Mismatches	4010.2.7	Obtaining an Appraisal	2231.0.3
Anti-Tying Exceptions to Entities Other Than Banks	3500.0.3	Policies	2231.0.14.1
Anti-Tying Restrictions	3500.0.1.1	Qualifications Criteria for Appraisers and Evaluators	2231.0.9, 2231.0.9.5
Appraisal of Real Estate as Nonbanking Activity	3270.0	Questionnaire (Related Internal Controls)	2231.0.14
Appraisal of Construction and Construction Analysis Services	3270.0.5	Readressed Appraisals	2231.0.17
Appraiser's Qualifications Federally Related	3270.0.3	Reappraisals and Re-evaluations	2231.0.14.6
Transactions	3270.0.2	Reports	2231.0.5.3
Inspection Objectives	3270.0.6	Responses to Questions, Interagency	2231.0.11
Inspection Procedures	3270.0.7	Selecting Individuals to Perform	2231.0.17
Laws, Regulations, Interpretations, and Orders	3270.0.8	Supervisory Approach	2231.0.17
Scope of Inspection	3270.0.1	Transactions Not Requiring the Services of a Licensed or Certified Appraiser	2231.0.2
Appraisal of Securities in Bank Examinations	5010.10.2	Useful Life of an Appraisal	2231.0.4
Appraisals and Evaluations, Real Estate	2231.0	USPAP, Interagency Statement on the 2006	2231.0.5.1
2006 USPAP, Interagency Statement on	2231.0.5.1	Valuation Approaches	2231.0.6
Appraisal Requirements	2231.0.5	Value, Definitions	2231.0.7
Appraisal Standards	2231.0.5.2	Approval Requirements (Previous Prior) for Bank Holding Companies Proposing to Engage in FCM Activities	3251.0.10
Appraisal Valuation Approaches	2231.0.6	Arbitrage	3240.0.6.5
Appraisals	2231.0.14.2	Armored Car Services	3700.10
Appraiser Designations	2231.0.9.4	Asset-Backed Commercial Paper Programs	
Appraiser Qualifications	2231.0.9.1, 2231.0.17	Programs, Monitoring by Credit Rating	4060.8.2.4
Appraisers	2231.0.14.3		
Comparable-Sales Approach	2231.0.6.1.2		
Compliance Procedures	2231.0.1.2		
Compliance Reviews	2231.0.17		
Cost Approach	2231.0.6.1.1		

Asset-Backed Commercial Paper Programs—continued		Asset Securitization—continued	
Overview of	4060.8.6	Securitization Covenants Linked to	
Asset Evaluation	3090.1.4.3, 3090.2.4.5	Supervisory Actions or	
Asset–Liability Management	2130.0.11, 3070.0.5.6.3	Thresholds	2128.05
Asset Management, Servicing, and Collection	3084.0	Inspection Objectives	2128.05.1
Asset Management Services for Assets Originated by Nonfinancial Institutions	3084.0.2	Inspection Procedures	2128.05.2
Asset Management Services for Governmental Agencies and to Unaffiliated Financial Institutions	3084.0.1	Securitization Process	2128.02.2
Asset Quality	3070.0.5.4, 4020.2, 4060.1	Structure of Asset-Backed Securities	2128.02.4
Asset and Securities		Supervisory Considerations	2128.02.5
Classification Policy	3100.0.4.7, 5010.10.2	Valuation of Retained Interests and Risk Management of Securitization Activities	2128.06
Asset Securitization	2128.02	Asset Securitization	2128.06.1
Asset-Backed Commercial Paper Programs	2128.03, 4060.3.5.3.12	Audit Function or Internal Review	2128.06.6
Asset-Backed Securities	2128.02.4	Concentration Limits	2128.06.10
Credit Enhancement	2128.02.3	Inspection Objectives	2128.06.11
Implicit Recourse Provided to		Inspection Procedures	2128.06.12
Asset Securitizations	2128.04	Internal Controls	2128.06.5
Inspection Objectives	2128.04.1	Market Discipline and Disclosures	2128.06.8
Inspection Procedures	2128.04.2	Regulatory Reporting of Retained Interests	2128.06.7
Inspection Objectives	2128.02.9	Risk-Based Capital for Recourse and Low-Level-Recourse Transactions	2128.06.9
Inspection Procedures	2128.02.10	Risk-Management Function	2128.06.2
Mortgage-Derivative Products	2128.02.6.1	Use of Outside Parties	2128.06.4
Overview	2128.02.1	Valuation and Modeling Processes	2128.06.3
Policy Statement on		ATMs, Products Distributed through	
Investment Securities and End-User Derivatives Activities	2128.02.6	Traveler’s Checks and Postage Stamps	3160.3
Risk-Based Capital Provisions Affecting Asset Securitization	2128.02.7	Tickets, Gift Certificates, Prepaid Telephone Cards, and Other Documents	3160.4
Assigning Risk Weights	2128.02.7.1	Audit	2124.0.2.4, 2060.1
Concentration Limits Imposed on Residual Interests	2128.02.8	External Audit Engagement Letter—Advisory on Unsafe and Unsound Use of Limitation-of-Liability Provisions	2060.1.4
Low-Level-Recourse Treatment	2128.02.7.2.3	Advisory’s Conclusion Alternative	2060.1.4.6
Recourse Obligations	2128.02.7.2	Dispute-Resolution Agreements and Jury-Trial Waivers	2060.1.4.5
Recourse Obligations and Direct-Credit Substitutes, Credit-Equivalent Amounts and Risk Weights of	2128.02.7.2.2	Application of the SEC’s Auditor-Independence Rules, Frequently Asked Questions on Auditor Independence	2060.1.4.8
Residuals	2128.02.7.2.1		2060.1.4.4
Standby Letters of Credit	2128.02.7.2.4		

Audit—continued		Bank Holding Companies with Special Characteristics	5000.0.4.4
External Audit Engagement Letter—Advisory on Unsafe and Unsound Use of Limitation-of-Liability Provisions—continued		Bank Holding Company Examination-Inspection Authority	1040.0
External Audits and Their Engagement Letters	2060.1.4.2	BHC Inspection Authority Examinations of Functionally Regulated Subsidiaries	1040.1 1040.3
Limitation-of-Liability Provisions	2060.1.4.3	Focus and Scope of BHC Inspections	1040.2
Scope of the Advisory on Engagement Letters	2060.1.4.1	Bank Holding Company Funding and Liquidity	2080.05
Unsafe and Unsound Limitation-of-Liability Provisions, Examples of	2060.1.4.7	Additional Supervisory Considerations	2080.05.2
External Auditors and the Release of Required Information	2060.1.2	Examiner’s Application of Principals in Evaluating Liquidity and in Formulating Corrective Action Programs	2080.05.3
External Auditor Inquiries	2060.1.3	Funding and Liquidity	2080.05.1
Inspection Objectives	2060.1.5	Bank-Owned Credit Card, Insider Use of a	2050.0.3.2.2
Inspection Procedures	2060.1.6	Banks	
Audit and Reporting Requirements, Section 36 of the FDI Act	2060.05.3.1.2	Analyzing Bank Capital	4020.1
Audits and Controls	3230.0.10.2.5	Asset Quality	4020.2
<b>B</b>		Capital Adequacy for Banks	4020.1
Balance-Sheet Activity Considerations	4060.3.5.2	Classification Guidelines	4020.2
Balance-Sheet Presentation	3140.0.3.2.3	Doubtful Classification of Troubled Real Estate Loans	2240.0.2, 4020.2
Bank Accounts for Foreign Governments, Embassies, and Political Figures	2010.13	Earnings	4020.3
Interagency Advisory on Accepting Accounts	2010.13.1	Guidelines for Collateral Evaluation and Classification of Troubled Commercial Real Estate Loans	2240.0
Bank-Advised Investment Funds, Definition of	2178.0	Indicators of Troubled Real Estate Loans	2240.0.1.2
Bank-Affiliated Investment Funds, Support of	2178.0, 2178.0.1	Initial Board Order Approval	3230.0.2
Inspection Objectives	2178.0.3	Liquidity	4020.4
Inspection Procedures	2178.0.4	Bank Subsidiaries	5010.30
Notification and Consultation with the Primary Federal Regulator	2178.0.2	Bank Subsidiary Report Page (FR 1241)	5020.1
Policy on Banks Providing Financial Support to Advised Funds	2178.0.1	Basis	2130.0.10.2
Banker’s Acceptances	3240.0.7.1	BHC (and FDICIA) Inspection Guidance for Regulation O	2050.0.3.1
Banker’s Blanket Bond	2060.5.2	BHC Formations and Changes in Ownership	2090.2
Bank Holding Companies Exempt from the Prohibitions of Section 4 or the BHC Act of 1956	5000.0.5	Formation of Small Bank Holding Companies, Policy Statement on Assessment of Financial and Managerial Factors	2090.2.3
Bank Holding Companies Requiring Special Supervisory Attention	5000.0.4.2	Applicability of Policy Statement	2090.2.3.1
		<i>BHC Supervision Manual</i>	July 2007
			Page 5

BHC Formations and Changes in Ownership—continued		BHC Inspection Program—General Instructions—continued	
Formation of Small Bank Holding Companies, Policy Statement on Assessment of Financial and Managerial Factors—continued		Holding Companies with No Identified Problems or Special Characteristics	5000.0.4.1
Application Requirements for Expedited Processing	2090.2.3.4	Inspection Frequency Requirements	5000.0.4
Capital Adequacy	2090.2.3.2.2	Inspection Reporting Program	5000.0.1
Core Requirements	2090.2.3.3	Interagency Agreement to Conduct Concurrent Examinations of Certain BHCs and Their Lead Bank Subsidiaries	5000.0.8.2
Dividend Restrictions	2090.2.3.2.3	Interagency Coordination of BHC Inspections and Subsidiary Bank Examinations	5000.0.8.1
Expedited Notices	2090.2.3.4.1	Interagency Inspection/ Examination Agreements	5000.0.8
Minimum Down Payment	2090.2.3.3.1	Meetings with Directors	5000.0.9.2
Ongoing Requirements	2090.2.3.2	Summary of Examination Findings	5000.0.9.3
Parent Company Leverage, Reduction in	2090.2.3.2.1	Summary to Directors of Inspection Findings	5000.0.10
Waiver of Stock-Redemption Filing	2090.2.3.4.2	Table 1—Frequency and Scope of Inspections of the Largest BHCs	5000.0.3
Laws, Regulations, Interpretations, and Orders	2090.2.7	BHC Inspection Report Forms	5030.0
Policy Statement on the Formation of Small Bank Holding Companies	2090.2.3	BHC Official and Related Interest Transactions Between the Parent Company or Its Nonbank Subsidiaries	2050.0.1
BHC Funding from Sweep Accounts	2080.6	BHC RFCI/(D) Rating System	4070.0
BHC Inspection Authority	1040.1	Rating-System Definitions	4070.0.4
BHC Inspection Program—General Instructions	5000.0	Composite Rating	4070.0.4.1
Bank Holding Companies Exempt from the Prohibitions of Section 4 or the BHC Act of 1956	5000.0.5	Depository Institutions Component	4070.0.4.5
Bank Holding Companies Requiring Special Supervisory Attention	5000.0.4.2	Financial-Condition Component	4070.0.4.3
Bank Holding Companies with Special Characteristics	5000.0.4.4	Financial-Condition Subcomponents	4070.0.4.3.1
Combined Bank Examination/ BHC Inspection Report	5000.0.12	Impact Component	4070.0.4.4
Communicating Problems of Supervisory Concern to Management and Boards of Directors	5000.0.9	Risk-Management Component	4070.0.4.2
Criteria for Conducting Meetings	5000.0.9.2.1	Rating-System Elements	4070.0.2
Frequency and Scope of Inspections	5000.0.2, 5000.0.3	Composite (C) Rating	4070.0.2.1
		Depository Institutions (D) Component	4070.0.2.5
		Financial-Condition (F) Component	4070.0.2.3
		Impact (I) Component	4070.0.2.4, 4070.2.4.1, 4070.2.4.2
		Risk-Management (R) Component	4070.0.2.2, 4070.2.2.1, 4070.2.3.1

BHC RFC/(D) Rating System—continued		Capital Adequacy and Risk Assessment at Large	
Rating-System Implementation by		Banking Organizations and Others with Complex Risk Profiles	4060.7
Type of BHC	4070.0.3	Assessing Capital, Sophisticated Techniques Used in	4060.7.2
Complex BHCs	4070.0.3.3	Capital Composition	4060.7.7
Noncomplex BHCs with Assets of \$1 Billion or Less	4070.0.3.1	Evaluating Capital Adequacy Management, Supervisory Approach to	4060.7.4
Noncomplex BHCs with Assets Greater Than \$1 Billion	4070.0.3.2, 4070.3.2.1, 4070.3.2.2	Evaluating Overall Capital Adequacy, Factors Used	4060.7.1
Nontraditional BHCs	4070.0.3.4	Inspection Objectives	4060.7.9
Board of Directors Approval of Risk Management Policies	2125.0.1.1	Inspection Procedures	4060.7.10
Board of Directors Policies Pertaining to Credit-Enhanced or Asset-Backed Commercial Paper	2128.03.4	Internal Capital Adequacy Analysis:	
Board of Directors Responsibilities, Appraisals and Evaluations	2231.0.16	Examiner Review of	4060.7.8
Board Order Denying a Waiver from the Board's Source of Strength Policy	2010.0.2	Fundamental Elements of Risks Addressed in	4060.7.5
Board Order, Initial Approval of a BHC Application to Acquire and Engage in Securities Brokerage as a Nonbank Activity	3230.0.2	Risk Measurement and Risk Coverage, Adequacy of	4060.7.6
Custodial Services	3230.0.2.3	Relating Capital to the Level of Risk	4060.7.8.1
Maintenance of Customer Securities Accounts	3230.0.2.2	Strengthening Capital Adequacy	4060.7.8.2
Margin Lending	3230.0.2.1	Capital Adjustment Considerations	4060.7.3
Board Oversight	3070.0.1.1	Capital Considerations in Small Multibank and Chain Bank Holding Company Applications	2090.2.4
Board Reporting Requirements for Foreign Parent Institutions	2100.1.3	Capital, FHCs	3900.0.4.2.3
Brokerage, Real Estate	3700.3.1	Capitalization	2260.0.5
Brokerage, Securities— <i>See</i> Securities Brokerage.		Capitalized-Lease Method of Accounting for Leases—Lessee	3140.0.3.1.2
Budget	2060.2	Capital Leverage Measure	4060.4
Inspection Objectives	2060.2.1	Tier 1 Leverage Ratio for BHCs	4060.4.2
Inspection Procedures	2060.2.2	Capital Risk-Based Measure— <i>See</i> Risk-Based Measure.	
Bullion and Coins—Dealing in	3260.0.3.6	Capital Standards for BHCs'	
Byproducts	3160.0.8	Subsidiary Banks	4020.9.2
C		Caps, Floors, and Collars	2130.0.8.2
Capital	3250.0.5.2.2, 4020.1, 4060.3, 4060.3.2.1, 4060.4	Career Counseling Services	3204.0, 3204.0.1
		Cash-Basis Income Recognition on Nonaccrual Assets	2065.1.1
		Cash as Collateral	2140.0.3.6
		Cash-Flow Analysis	3070.0.5.6.2
		Cash Flow Statement	4010.0.2
		Cash Flows to a BHC Parent	4020.9.3

Cash Redemption of Perpetual Preferred Stock	4060.3.7	Changes Resulting from the Enforcement Provisions and Other Related Sections of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and the Comprehensive Thrift and Bank Fraud Act of 1990	2110.0.1.1
Categories of Nonbanking Activities	3000.0.1	Check Guaranty Services	3320.0
Cease and Desist Orders Temporary	2110.0.2.1 2110.0.2.2	Inspection Objectives	3320.0.1
CEBA and FIRREA Provisions for Nonbank Banks	2090.7	Inspection Procedures	3320.0.2
Certain		Laws, Regulations, Interpretations, and Orders	3320.0.3
Volumetric-Production-Payment Transactions Involving Physical Commodities	3610.2	Civil Money Penalties	2110.0.2.7
Certificates of Deposit	3240.0.7.2	Civil Penalties of Regulation O	2050.0.3.9
Certification Authority for Digital Signatures	3600.7	Claims Administration and Risk-Management Nonbanking Services	3905.0
Certification Authority in Connection with Financial and Nonfinancial Transactions, Acting as	3600.7.1	Claims On, and Claims Guaranteed by, OECD Central Governments	4060.3.5.4.6
Laws, Regulations, Interpretations, and Orders	3600.7.2	Classification	
Change in Control	2090.1	Assets	2129.0.3.3, 2240.0.2.1, 3070.0.5.4, 3070.0.5.4.1, 3140.0.3.2.4, 5010.10.1
Additional Reporting Requirements	2090.1.10	Securities	
Changes or Replacement of an Institution's Chief Executive Officer or Any Director	2090.1.8	Foreign Debt Securities	5010.10.2.6
Commitments and Conditions for Federal Reserve Approval	2090.1.1	Investment-Quality Debt Securities	5010.10.2.1
Completion of the Transaction	2090.1.2	Nonrated Debt Securities	5010.10.2.5
Corrective Action	2090.1.12	Rating Differences	5010.10.2.3
Disapproval of Changes in Control	2090.1.9	Split or Partially Rated Securities	5010.10.2.4
Information to Be Included in Notices	2090.1.3	Sub-Investment-Quality Debt Securities	5010.10.2.2
Inspection Objectives	2090.1.13	Treatment of Declines in Fair Value Below Amortized Cost on Debt Securities	5010.10.2.7
Inspection Procedures	2090.1.14	Classification, Retail Credit	2241.0
Stock Redemptions	2090.1.11	Depository Institution Examination Considerations	2241.0.1.4
Transactions Not Requiring Any Notice	2090.1.5	Other Considerations for Classification	2241.0.1.1
Transactions Not Requiring Prior Notice	2090.1.6	Partial Payments on Open-End and Closed-End Credit	2241.0.1.2
Transactions Requiring Submission of Prior Notice	2090.1.4	Re-aging, Extensions, Deferrals, Renewals, or Rewrites	2241.0.1.3
Rebuttable Presumption of Concerted Action	2090.1.4.2	Retail Credit Classification and Account Management Policy	2241.0.1
Rebuttable Presumption of Control	2090.1.4.1	Classifications (Nonbank)	4030.1
Unauthorized or Undisclosed Changes in Bank Control	2090.1.7		



Classification of Troubled		Commitments to the Federal Reserve	
Project-Dependent Commercial		Inspection Objectives	2040.0.1
Real Estate Loans	2240.0.2.1	Inspection Procedures	2040.0.2
Clearance	3240.0.6.3	Commodity and Index Swaps	3251.0.8
Clearing Securities Options and		Commodity Pool Operator	3600.13.1
Other		Commodity Purchase and	
Financial Instruments for		Forward Sales, Financing	
the Accounts of		Customers'	3610.1
Professional Floor Traders	3700.12	Commodity Trading, Limited	
Collateral-Dependent Loans	3070.3.1.2	Physical	3920.0, 3920.0.1
Collateral for Certain		Common Stockholders' Equity	4060.3.2.1.1
Transactions with Affiliates	2020.1.1.3	Common Stock Repurchases and	
Collateral Management	2140.0.3.5	Dividend Increases on	
Combination of Advice on		Common Stock	4060.3.8
Foreign Exchange,		Community Development and	
Governmental Securities,		Advisory and Related	
and Execution Services	3130.4.6.1	Services	3150.0
Combined-Balance Discount,		Community Welfare Projects	3150.0
Safe Harbor for	3500.0.2.2	Board-Approved Examples of	
Safe Harbor for Members of a		Permissible Activities	3150.0.2
Family	3500.0.2.2.1	Board-Denied Investments	3150.0.3
Combined Bank Examination/ BHC Inspection Reports	5000.0.12	Inspection Objectives	3150.0.4
Commercial Bank Involvement		Inspection Procedures	3150.0.5
in Credit Enhanced and		Investments in Corporations	
Asset-Backed Commercial		or Projects to Promote	
Paper	2128.03.2	Community Welfare	3150.0.1
Commercial Banking Activities		Laws, Regulations,	
Through Branches of a		Interpretations, and	
Nonbank Delaware		Orders	3150.0.6
Company	3600.5.2	Companies in Which BHCs May	
Commercial Paper and Other		Invest	3050.0.1
Short-Term Uninsured Debt		Comparison of Futures,	
Obligations and		Forward, and Standby	
Securities	2080.1	Contracts	2130.0.7
Current Portion of Long-Term		Compensating Balances	2020.4
Debt	2080.1.5	Inspection Objectives	2020.4.1
Current Transactions	2080.1.1.3	Inspection Procedures	2020.4.2
Inspection Objectives	2080.2.4	Completion Standard for	
Inspection Procedures	2080.2.5	Inspection Reports	5000.0.11
Marketing of Commercial		Compliance	3100.0.4.6, 3230.0.10.5
Paper	2080.1.2	Relationship with Affiliated	
Meeting the SEC Criteria	2080.1.1	Trust Departments	3230.0.10.3.1
Nine-Month Maturity		Compliance Reviews, Appraisals	
Standard	2080.1.1.1	and Evaluations	2231.0.17
Other Short-Term		Composite Rating, BHC 4070.0.2.1, 4070.0.4.1	
Indebtedness	2080.1.4	Computer Output Microfilm	
Prime Quality	2080.1.1.2	Service When It Is Not an	
Sales to Institutional Investors	2080.1.1.4	Output Device for	
Thrift Notes and Similar Debt		Otherwise Permissible	
Instruments	2080.1.3	Data Processing Services	3700.11
Commercial-Paper Placement		Concentrations of Credit	2010.2, 2129.0.3.2
Activities, Engaging in	3230.4.1		
Commercial Real Estate Equity			
Financing (Arranging of)	3220.0		
Laws, Regulations,			
Interpretations, and			
Orders	3220.0.1		

Concentrations in Commercial Real Estate Lending (CRE) and Sound Risk Management	2010.2.5	Considerations Relating to a Guarantor's Willingness to Repay	2240.0.3.2
Assessment of Capital Adequacy for CRE Concentration Risk	2010.2.5.4.2	Consolidated Analysis	5010.6.4
Board and Management Oversight, CRE Concentration Risk	2010.2.5.3.1	Consolidated Planning Process	2010.4
CRE Concentration Assessments	2010.2.5.2	Inspection Objectives	2010.4.1
CRE Management Information Systems	2010.2.5.3.3	Inspection Procedures	2010.4.2
CRE Portfolio Management	2010.2.5.3.2	Consumer Compliance Risk Assessment at BHCs, Supervision Program for	2124.01.6.1.2
CRE Portfolio Stress Testing and Sensitivity Analysis	2010.2.5.3.6	Consumer Finance	3100.0
CRE Risk Management	2010.2.5.3	Additional Inspection Procedures	3100.0.4.5
Credit Underwriting Standards	2010.2.5.3.5	Asset Classification Policy	3100.0.4.7
Credit-Risk Review Function	2010.2.5.3.7	Compliance	3100.0.4.6
Evaluation of CRE Concentrations	2010.2.5.4.1	Delinquency	3100.0.4.9
Market Analysis	2010.2.5.3.4	Detailed On-Site Procedures	3100.0.4.4
Scope, CRE Concentration Guidance	2010.2.5.1	Evaluation of the Company's Condition	3100.0.4.13
Supervisory Oversight, CRE Concentration Risk	2010.2.5.4	Evaluation of the Supervisory Structure	3100.0.4.3
Conclusive Presumptions of Control	2090.0.1	Funding	3100.0.2
Confidential Inspection Report Pages		Inspection Objectives	3100.0.3
Confidential Page A—Principal Officers and Directors	5010.40	Inspection Procedures	3100.0.4
Confidential Page B—Condition of BHC	5010.41	Laws, Regulations, Interpretations, and Orders	3100.0.5
Confidential Page C—Liquidity and Debt Information	5010.42	Liquidation	3100.0.4.10
Confidential Page D—Administrative Matters	5010.43	Loss Reserves	3100.0.4.11
Confirmations of Repurchase Agreements	2150.0.2.1	On-Site Phase	3100.0.4.1
Conflicts of Interest	3230.0.10.3	Policy Evaluation	3100.0.4.2
Audits and Controls	3230.0.10.2.5	Ratio Analysis	3100.0.4.8
Relationship with Affiliated Trust Departments	3230.0.10.3.1	Volume	3100.0.4.12
Considerations in the Overall Assessment of Capital Adequacy	4060.3.5.4	Consumer Protection in Sales of Insurance Rules	3950.0.6
Considerations Relating to a Guarantor's Financial Capacity	2240.0.3.1	Consumers, Educational Courses—Financial Counseling	3130.5
		Contract Liquidity	2130.0.13.4
		Contracts (Derivatives—Interest-Rate, Exchange-Rate, and Commodity)	4060.3.5.3.4
		Contributions and Expenditures	2120.0.4
		Contributing Shares or Assets of a BHC Affiliate to a Bank	2020.1.1.2.4
		Control and Ownership, Divestiture Control Determinants	2090.6
		Inspection Objectives	2090.6.1
		Inspection Procedures	2090.6.2
		Laws, Regulations, Interpretations and Orders	2090.6.3
		Control and Ownership—General	2090.0
		Acquisitions of Bank Shares Through Fiduciary Accounts	2090.5

Control and		Control and	
Ownership—General—continued		Ownership—General—continued	
Additional Reporting		Transactions Requiring Submission	
Requirements	2090.1.10	of Prior Notice	2090.1.4
BHC Formations and Changes		Treasury Stock Redemptions	2090.3
in Ownership	2090.2	Unauthorized or Undisclosed	
Capital Considerations in		Changes in Bank Control	2090.1.7
Small Multibank and		Control and	
Chain Bank Holding Company		Ownership—Savings Bank	
Applications	2090.2.4	Subsidiaries of BHCs	3001.0
CEBA and FIRREA		Control Environment	3070.0.1.4
Provisions for Nonbank		Control of Securities	2150.0.2.2
Banks	2090.7.1	Convertible Preferred Debenture	2080.2.2
Change in Control	2090.1	Convertible Subordinated Debenture	2080.2.1
Change in Control Act		Coordinating Enforcement	
Considerations	2090.3.1	Actions	5000.0.8.3.9
Commitments and Conditions		Coordinating Information	
for Federal Reserve		Requests	5000.0.8.3.8
Approval	2090.1.1	Coordinating the Planning,	
Completion of the Transaction	2090.1.2	Timing and Scope of	
Conclusive Presumptions of		Examinations and Inspections	5000.0.8.3.3
Control	2090.0.1	Core Page 1—Examiner’s Comments	5010.4
Corrective Action	2090.1.12	Core Page 2—Scope and	
Direct Control	2090.0.2	Abbreviations of Inspection	5010.5
Disapproval of Changes in Control	2090.1.9	Core Page 3—Analysis of	
Formation of Small Bank		Financial Factors	5010.6
Holding Companies,		Core Page 4—Audit Program	5010.7
Policy Statement	2090.2.3	Cost Approach, Real Estate	
Indirect Control	2090.0.3	Appraisal	2231.0.6.1
Information to Be Included in		Corporate or Capital Structuring	
Notices	2090.1.3	and Financing, Advice on	3130.3
Inspection Objectives	2090.1.13	Cost Containment	3070.0.4.2
Inspection Procedures	2090.1.14	Counterparty Credit Risk	
Laws, Regulations,		Management Systems	2126.3
Interpretations, and		Counterparty	
Orders	2090.0.8	Creditworthiness,	
Liability of Commonly		Assessment of	2126.3.3
Controlled Institutions	2090.8	Credit Enhancements	2126.3.5
Nonvoting Equity Investments		Credit-Risk-Exposure Limit-	
by BHCs	2090.4	Setting and Monitoring	
Nonbank Banks	2090.7	Systems	2126.3.6
Procedures for Determining		Credit-Risk-Exposure	
Control	2090.0.5	Measurement	2126.3.4
Provisions that Avoid Control	2090.4.3	Fundamental Elements of	2126.3.1
Rebuttable Presumption of		Inspection Objectives	2126.3.7
Concerted Action	2090.1.4.2	Inspection Procedures	2126.3.8
Rebuttable Presumption of		Supervisory Resources,	
Control	2090.0.4, 2090.1.4.1	Targeting of	2126.3.2
Review by the Board	2090.4.4	Counterparty Performance	3070.0.3.4.7
Review of Agreements	2090.4.2	Country Exposure Information	
Statutory and Regulatory		Report (FFIEC 009)	4090.0.1.2
Provisions	2090.4.1	Country Risk	4090.0
Stock Redemptions	2090.1.11	Country Exposure	
Transactions Not Requiring		Information Report	
Any Notice	2090.1.5	(FFIEC 009a)	4090.0.3.2
Transactions Not Requiring			
Prior Notice	2090.1.6		

Country Risk—continued		Credit Card Bank Exemption, Section (2)(c)(2) of the BHC Act	3005.0
Country-Exposure Limits	4090.0.2.6	Credit Default Swaps	2129.0.2.1
Country-Exposure Report (FFIEC 009)	4090.0.3.1	Credit Department	3090.1.4.2
Country-Exposure Reporting System	4090.0.2.3	Credit Derivatives	2129.0
Country-Exposure Report for U.S. Branches and Agencies of Foreign Banks (FFIEC 019)	4090.0.3.3	Classifications of Assets	2129.0.3.3
Country-Risk Analysis Process	4090.0.2.4	Concentrations of Credit	2129.0.3.2
Country-Risk Ratings	4090.0.2.5	Credit Exposure	2129.0.3.1
Country Risks and Factors	4090.0.1	Credit-Default Swaps	2129.0.2.1
Factors Specific to Banking Organizations	4090.0.1.3	Inspection Objectives	2129.0.4
Inspection Objectives	4090.0.4	Inspection Procedures	2129.0.5
Inspection Procedures	4090.0.5	Other Supervisory Issues	2129.0.3
Internal Controls and Audit	4090.0.2.9	Risk-Based Capital Treatment for Credit Derivatives	4060.3.5.3.9
Macroeconomic Factors	4090.0.1.1	Supervisory and Examiner Guidance	2129.0.1
Monitoring Country Conditions	4090.0.2.7	Total-Rate-of-Return Swap	2129.0.2.2
Oversight by the Board of Directors	4090.0.2.1	Transactions Involving Affiliates	2129.0.3.4
Policies and Procedures for Managing Country Risk	4090.0.2.2	Types of Credit Derivatives Synthetic Collateralized Loan Obligations—Risk-Based Measure Capital Treatment	4060.3.5.3.10
Reporting Requirements	4090.0.3	Credit Disclosures, Consumer Protection in Sales of Insurance	3950.7.1.1
Risk-Management Process for Country Risk	4090.0.2	Credit Enhancements	2126.3.5
Social, Political, and Legal Climate	4090.0.1.2	Credit Exposure	2126.3.4, 2129.0.3
Stress Testing	4090.0.2.8	Credit-Risk Management Guidance for Home Equity Lending	2010.2.4
Risk Exposure Report (FFIEC 009)	4090.0.1.1	Credit Risk—Trading Activities	2125.0.2.5.1
Courier Services	3190.0	Credit-Supported and Asset- Backed Commercial Paper	2128.03.1
Inspection Objectives	3190.0.1	Board of Directors’ Policies Pertaining to Credit Enhanced or Asset-Backed Commercial Paper	2128.03.4
Inspection Procedures	3190.0.2	Commercial Bank Involvement in Credit Enhanced and Asset-Backed Commercial Paper	2128.03.2
Laws, Regulations, Interpretations, and Orders	3190.0.3	Inspection Objectives	2128.03.5
Covenants Not Involving the FHC in Routinely Managing and Operating a Portfolio Company, Other Permissible	3907.0.3.2.1	Inspection Procedures	2128.03.6
Cover, Inspection Report	5010.2	Risk-Based Capital Treatment of Credit Supported and Asset-Backed Commercial Paper Programs	2128.03.3
Covered Transactions	2020.1.1.2	Criteria For Conducting Meetings	5000.0.9.2.1
Credit Analysis	3250.0.5.2.5	Cross-Guarantee Provisions	2090.8.2
Credit Analysis and Approval of Borrowers	2140.0.3.3		
Credit and Concentration Limits	2140.0.3.4		
Credit Card Authorization Services and Lost/Stolen Credit Card Reporting Services	3105.0		

Currency Swap Transactions for Hedging the BHC's Position Foreign Currency	3260.0.3.5	Definition and Scope of the De Novo Supervision Policy	4020.9.1
Currency Swaps, Advice On	3130.4.3	Definition of a Finance Company	3170.0.3.2.1
Current Portion of Long-Term Debt	2080.1.5	Definition of an Affiliate	2020.1.1.1
Current Transactions Concept—Commercial Paper	2080.1.1.3	Definition of Extension of Credit	2050.0.3.2.1
Custodial Services	3230.0.2.3	Definitions of Capacity	2140.0.2
Custody and Movement of Securities	3240.0.13.3	Definitions of Capital	4060.3.2.1
Customer and Dealer Accounts	3240.0.13.5	Definitions in Regulation O	2050.0.3.2
		Delinquency	3070.0.5.4, 3100.0.4.9, 3140.0.3.2.5
<b>D</b>		Delivery of Brokered Securities	3230.0.10.2.3
Data Security	3070.0.4.8	Delivery Process for Futures Contracts	2130.0.5
Day Trading or Free-Riding Activities	2187.0.1	Depository Institutions, Rating Component	4070.0.2.5
De Facto Extensions of Credit	2020.1.1.2.2	Derivative Commitments to Originate and Sell Mortgage Loans, Mortgage Banking	3071.0
De Novo Banks' Debt Servicing of the Parent Company	4020.9.3	Accounting and Reporting	3071.0.1
De Novo State Member Banks of BHCs, Supervision Standards for	4020.9	Accounting Policies	3071.0.1.1.1
Dealer Activities	3240.0.4	Best-Efforts Contract	3071.0.1.5.4
Dealer-Manager in Connection with Cash-Tender and Exchange-Offer Transactions	3600.21.5	Changes in Accounting	3071.0.1.4
Dealing as a Registered Options Trader on Foreign Exchange Options	3260.0.3.6	Definitions	3071.0.1.5
Dealing in Gold, Silver, Platinum, and Palladium Bullion and Coins	3260.0.3.6	Derivative Loan Commitment(s)	3071.0.1.1.2, 3071.0.1.5.1
Debt Servicing Capacity—Cash Flow	4010.0	Example of the Accounting for Commitments to Originate and Sell Mortgage Loans	3071.0.1.6
Cash Flow Statement	4010.0.2	Fair Value	3071.0.1.2.1
Guidelines	4010.0.4	Forward Loan-Sales Commitments	3071.0.1.1.3, 3071.0.1.5.2
Inspection Objectives	4010.0.7	Hedge Accounting	3071.0.1.1.5
Inspection Procedures	4010.0.8	Income-Statement Effect	3071.0.1.1.6
Introduction and Scope of the Analysis	4010.0.1	Inspection Objective	3071.0.2
Reporting the Results	4010.0.6	Inspection Procedures	3071.0.3
Sources of Funds to Make Up Shortfalls	4010.0.5	Mandatory-Delivery Contract	3071.0.1.5.3
Supervisory Determination as to Adequacy of Parent Company Cash Flow	4010.0.3	Master Agreement	3071.0.1.5.5
Debts Previously Contracted—See DPC Assets and Shares.		Netting of Contracts	3071.0.1.1.4
Deductions from Tier 1 and Tier 2 Capital	4060.3.2.1.3	SAB 105	3071.0.1.2.2
Defaulted Debt, Acquisition of	3104.0	Standard-Setter Activities	3071.0.1.3
Defined Benefit Pension and Other Postretirement Plans, Accounting for	4060.3.5.4.7	Valuation	3071.0.1.2
		Derivative Transactions	2020.1.5, 2125.0, 2126.1, 2129.0, 2129.05, 2130.0, 2190.0.5, 3130.4, 3260.0, 3600.6.4, 4060.3

Design and Assembly of Hardware for the Processing or Transmission of Banking and Economic Data	3700.9	Dividends—continued Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies	2020.5.1.1
Differences in Application of the Risk Based Capital Guidelines to Banking Organizations	4060.3.6	Domestic and Other Reports to the Federal Reserve	2250.0
Differences in Treatment of Perpetual Preferred Stock	4060.3.6.1	Inspection Objectives	2250.0.3
Direct Capitalization (“Cap” Rate) Technique	2231.0.6.1.3	Inspection Procedures	2250.0.4
Direct Control	2090.0.2	Laws, Regulations, Interpretations, and Orders	2250.0.5
Direct Financing Capitalized Lease	3140.0.3.2.2	DPC Assets and Shares	3030.0
Directors’ and Officers’ Liability Insurance	2060.5.6	Accounts Receivable Financing	3090.2.4.6
Directors and Senior Executive Officers of Banking Organizations, Appointment of	2110.0.5	5 Percent Exemption	3060.0.1.1
Disciplinary Actions Against Accountants and Accounting Firms Performing Certain Audit Services	2110.0.4	Inspection Objectives	3030.0.2
Disclosure of Credit from Member Banks to Executive Officers and Principal Shareholders	2050.0.3.8	Inspection Procedures	3030.0.3
Disclosure of Numeric Composite and Component Inspection Ratings to Inspected BHCs	4070.5.1, 4070.5.2	Laws, Regulations, Interpretations, and Orders	3030.0.4
Discounts on Securities Brokerage Services	3500.0.2.2	Due Bills	3240.0.6.2
Divestiture Control Determinants	2090.6	E	
Inspection Objectives	2090.6.1	Earnings	3070.0.5.5, 4020.3, 4030.2, 4040.0.1, 4060.0
Inspection Procedures	2090.6.2	Earnings, Volume Trends and Prospects	3230.0.10.4
Laws, Regulations, Interpretations, and Orders	2090.6.3	Relationship with Affiliated Trust Departments	3230.0.10.3.1
Divestitures	2030.0.6, 2090.6	EDP Servicing Company	3160.0
Dividends	2020.5	Byproducts	3160.0.8
Inspection Objectives	2020.5.2	Excess Capacity	3160.0.7
Inspection Procedures	2020.5.3	Hardware and Software as an Integrated Package	3160.0.5
Laws, Regulations, Interpretations, and Orders	2020.5.4	Incidental Activities	3160.0.2
Payment of Dividends by Bank Subsidiaries	2080.4.1	Inspection Objectives	3160.0.11
Policy Statement on Cash Dividend Payments	2020.5.1	Inspection Procedures	3160.0.12
		Laws, Regulations, Interpretations, and Orders	3160.0.13
		Mini-Computer Activities	3160.0.4
		On-Site	3160.0.12.2
		Packaged Financial Systems	3160.0.6
		Requirement of Separate Recordkeeping	3160.0.9
		Revenue Limit, Total Annual Section 4(c)(8) vs. Section 4(c)(1)	3160.0.3
		Education-Financing Activities	3073.0
		Advisory Services	3130.3.6
		Expanded Student-Loan Servicing Activities	3073.0.1

Electronic Benefit Transfer and Data Interchange Services— <i>See also</i> Stored Value Card Services.	3160.2	Equity Investments	
Elevated-Risk Complex Structured Finance Activities	2128.09	Exit Strategies	3909.0.2.2.2.5
Approval and Documentation Process, Elevated-Risk CSFTs	2128.09.3.2	Equity Investment Procedures	3909.0.2.2.2
Approval Process	2128.09.3.2.2	Legal and Regulatory Authority for	3909.0.1
Audit	2128.09.3.3.4	Periodic Reviews	3909.0.2.2.2.3
Conclusion	2128.09.4	Sound Practices for	3909.0.2
Documentation	2128.09.3.2.3	Policies and Limits	3909.0.2.2.1
Due Diligence	2128.09.3.2.1	Supervisory Objectives	3909.0.5
Identification and Review of Elevated-Risk Complex Structured Finance Transactions	2128.09.3	Supervisory Procedures	3909.0.6
Identifying Elevated-Risk CSFTs	2128.09.3.1	Evaluating the Risks of Contract Activities	2130.0.13.1
Monitoring Compliance with Internal Policies and Procedures	2128.09.3.3.3	Evaluation of the Consumer Finance Company's Condition	3100.0.4.13
Other Risk-Management Principles for Elevated-Risk CSFTs	2128.09.3.3	Evaluation of the Hedge	2130.0.10.4.1
Reporting	2128.09.3.3.2	Evaluation of the Supervisory Structure	3100.0.4.3
Scope and Purpose of Statement	2128.09.2	Evaluation Requirements (Real Estate)	2231.0.8
Sound Practices Concerning Elevated-Risk Complex Structured Finance Activities, Interagency Statement on	2128.09.1	Evaluations (Real Estate)	2231.0.14.4
Training	2128.09.3.3.5	Evaluators (Real Estate)	2231.0.14.5
Employee Benefit Plans	2140.0.3.10	Examination Guidelines for Risk-Based Capital	4060.3.1
Employee Benefits Consulting Services	3202.0	Examiner Guidance on Sharing Facilities and Staff	2010.8.2
Employee Stock Ownership Plans (ESOPs)	2080.5.2, 2080.5.3	Examiner Review of Appraisal and Evaluation Policies	2231.0.10
Employment Histories to Third Parties, Providing of	3600.29	Examiner Review of Commercial Real Estate Loans	2240.0.1
Credit-Related Employment Histories	3600.29.1	Examiner Review of Individual Loans, Including Analysis of Collateral Value	2240.0.1.3
Non-Credit-Related Employment Histories	3600.29.2	Examiner Review of Split-Dollar Life Insurance	2020.9.4
Environmental Liability	2010.5	Example 1: A Perfect Short Hedge	2130.0.10.3.1
Environmental Hazards Overview	2010.5.2	Long Hedge	2130.0.10.4
Impact on Banking Organizations	2010.5.3	Trading Account Short Hedge	2130.0.10.3
Inspection Objectives	2010.5.6	Examples of Contract Strategies	2130.0.10
Inspection Procedures	2010.5.7	The Mortgage Banking Price Hedge	2130.0.10.1
Protection Against Liability	2010.5.4	Excess Servicing-Fee Receivables	3070.0.6.8
Equity	2080.3	Exchange Membership (Brokerage)	3250.0.5.2.1
Inspection Objectives	2080.3.2	Exclusion for Institutions Acquired in Debt Collections (FIRREA)	2090.8.3
Inspection Procedures	2080.3.3		
Preferred Stock	2080.3.1		

Executing and Clearing		Extensions of Credit to BHC	
CFTC-Regulated Options		Officials—continued	
on Bullion and Foreign		General Prohibitions and Limitations	
Exchange on Authorized		of Regulation O	2050.0.3.3
Commodity Exchanges		Inspection Objectives	2050.0.5
and Providing Investment		Inspection Procedures	2050.0.6
Advice	3255.0.3	Laws, Regulations,	
Exception, Traditional Bank		Interpretations, and	
Product Tie-In	3500.0.2.1	Orders	2050.0.7
Exemption to Section 4(c)(2)		Purpose of Regulation O	2050.0.3.1
Disposition Requirements		Records of Member Banks	
of DPC Shares	3030.0.1	(and BHCs)	2050.0.3.10
Exemptions from Prohibitions		Regulation O	2050.0.3
on Acquiring Nonbank		Remedial Action	2050.0.4
Interests	3010.0	Report on Credit to Executive	
Family-Owned Companies	3010.0.3	Officers	2050.0.3.7
Inspection Objectives	3010.0.4	Reports by Executive Officers	2050.0.3.6
Inspection Procedures	3010.0.5	Section 23A Ramifications	2050.0.3.11
Labor, Agricultural or		Transactions Involving Other	
Horticultural		Property or Services	2050.0.2
Organizations	3010.0.2	External Audit	3070.0.1.5.2
Laws, Regulations,		External Auditors and the	
Interpretations, and		Release of Required	
Orders	3010.0.6	Information	2060.1.2
Exemptions from the BHC Act		External Auditor Inquiries	2060.1.3
for Qualifying FBOs	3510.0.2	F	
Expanded Student Loan		FCM Brokerage of Certain	
Servicing Activities	3073.0	Futures Contracts on Stock	
Expansion of Grandfather		Indexes, and Options on	
Activities (Insurance Agency)	2030.0.3	Such Contracts	3251.0.2
Export Trading Companies	3560.0	FCM Brokerage of Futures	
Export Trading Company		Contracts on a Municipal	
Questionnaire	3560.0.1.1	Bond Index and Futures	
Inspection Procedures	3560.0.1	Advisory Services	3251.0.1
Extensions of Credit		FCM Clearing Transactions by	
Outstanding on March 10,		Pre-Approved Execution	
1979	2050.0.3.5	Groups	3251.0.4
Extensions of Credit to BHC		FCM Execution, Clearance, and	
Officials	2050.0	Advisory Services for	
Additional Restrictions on		Contracts on Financial and	
Loans to Executive		Nonfinancial Commodities	
Officers of Member		for Noninstitutional	
Banks	2050.0.3.4	Customers	3251.0.12
Civil Penalties of Regulation		Board's Decision on the	
O	2050.0.3.9	Proposed FCM Activities	3251.0.12.3
Definitions in Regulation O		Foreign-Exchange Activities	3251.0.12.2
(abbreviated)	2050.0.3.2	Providing FCM Services to	
Disclosure of Credit from		Certain Sophisticated	
Member Banks to		Noninstitutional	
Executive Officers and		Customers	3251.0.12.1
Principal Shareholders	2050.0.3.8	Serving as a Commodity Pool	
Extensions of Credit Outstanding		Operator	3600.13.1
on March 10, 1979	2050.0.3.5	FCM Inspection Procedures	3250.0.7
		Factoring	3090.1
		Asset Evaluation	3090.1.4.3



Factoring—continued		Financial Holding Companies (FHCs),	
Credit Department	3090.1.4.2	Domestic—continued	
Funding	3090.1.2	Fails to—continued	
Inspection Objectives	3090.1.3	Maintain a Satisfactory or Better CRA Rating	3901.0.3
Inspection Procedures	3090.1.4	Laws, Regulations, Interpretations, and Orders	3901.0.2
Introduction—Factoring	3090.1.1	Permissible Activities	3905.0
Laws, Regulations, Interpretations, and Orders	3090.1.5	Acting as a Finder	3910.0
On-Site Procedures	3090.1.4.1	Activities Permissible for FHCs Under Section 225.86(a) of Regulation Y	3905.0.1
Factors to Consider in Evaluating Overall Risk	2130.0.13.3	Securities Underwriting, Dealing, and Market-Making Activities	3905.0.2
Family-Owned Companies	3010.0.3	Laws, Regulations, Interpretations and Orders	3505.0.3
FDICIA—Regulation O	2050.0.3.1	Supervisory Concerns	3901.0.1
Federal Reserve Act		Supervisory Framework and Oversight Authority for FHCs	3900.0.1
Regulation O	2050.0	Capital Adequacy for FHCs	3900.0.4.2.3
Section 23A	2020.0, 2020.1	Enforcement Powers	3900.0.4.2.5
Section 23B	2020.0, 2020.1.2	Examination and Reporting	3900.0.4.2.2
Federal Reserve’s Supervisory Position on Cash Redemption of Tier 1 Preferred Stock	4060.3.7.1	FHC Structure, Management, and the Applications Process	3900.0.4.2.1
Fees Involving Investments of Fiduciary Assets in Mutual Funds	2010.12	FHC Supervision in Practice	3900.0.4
Due Diligence Review Before Entering into Fee Arrangements	2010.12.1	FHC Supervision Objectives	3900.0.3
Inspection Objectives	2010.12.2	Information Gathering, Assessments, and Supervisory Cooperation	3900.0.4.1
Inspection Procedures	2010.12.3	Intra-Group Exposures and Concentrations	3900.0.4.2.4
Final Rule Adoption—Activity Added to Regulation Y	3230.0.4	Ongoing Supervision	3900.0.4.2
Final Rule Adoption—Adding of Activity to Regulation Y	3250.0.4	Promotion of Sound Practices and Improved Disclosure	3900.0.4.3
Financial Analysis—Mortgage Banking	3070.0.5	Roles of Supervisors	3900.0.2
Financial Condition	3090.2.4.7	Supervisory Response to Challenges Posed by FHCs	3900.0.4.4
Rating Component	4070.0.2.3, 4070.0.2.3.1	Financial Management	
Financial Contract Transactions	2130.0.3	Educational Courses and Instructional Materials	3130.5
Forward Contracts	2130.0.3.1.1	Financing Customers’ Commodity Purchase and Forward Sales	3610.1
Futures Contracts	2130.0.3.1.3		
Markets and Contract Trading	2130.0.3.1		
Standby Contracts	2130.0.3.1.2		
Financial Factors	4000.0		
Financial Feasibility Studies	3130.3.5		
Financial Flexibility	3070.0.5.6.1		
Financial Holding Companies (FHCs), Domestic	3900.0		
Bank Holding Companies Operating as FHCs in the United States	3901.0		
Commodity-Trading Activities, Limited	3920.0.1		
Fails to—			
Continue Meeting Capital and Management Requirements	3901.0.2		

Finder, FHC Acting as a Limitations on an FHC That Acts as a Finder	3910.0	Foreign Corrupt Practices Act and Federal Election Campaign Act—continued	
Required Disclosures	3910.0.1	Summary of the Federal Election Campaign Act	2120.0.2
FIRREA Provisions for Nonbank Banks	2090.7.1	Foreign Currency Options	2130.0.8.1.2, 3700.8
First Day Letter	3070.0.11	Foreign Exchange Advisory and Transactional Services	3130.4, 3251.0.12.2
Five Year Protection From Liability (Sister Banks)	2090.8.1	Inspection Objectives	3130.4.1.1
Foreign Banking Organizations Interagency Policy Statement on the Supervision of U.S. Branches and Agencies of Foreign Banks	2100.1.2	Inspection Procedures	3130.4.1.2
Nonbanking Activities	3510.0	Laws, Regulations, Interpretations, and Orders	3130.4.7
Owning or Controlling Shares in a Fiduciary Capacity	3040.0.3	Foreign Transaction Tie-Ins, Safe Harbor For	3500.0.2.3
Policy Statement on the Supervision and Regulation of Foreign Banking Organizations	2100.1.1	Formal Corrective Actions	2110.0
Supervision of Foreign Banking Organizations	2100.1	Cease and Desist Orders	2110.0.2.1
Foreign Banks Operating as FHCs	3903.0	Civil Money Penalties	2110.0.2.7
Foreign Bank Fails to Continue Meeting Capital and Management Requirements for FHC Status	3903.0.2	Interagency Notification Publication	2110.0.2.11 2110.0.2.8
Insured Branch Fails to Maintain a Satisfactory or Better CRA Rating	3903.0.3	Public Hearings	2110.0.2.9
Laws, Regulations, Interpretations, Orders	3903.0.4	Removal Authority	2110.0.2.4
Qualification Requirements for Foreign Banks to Operate as FHCs	3903.0.1	Statutory Tools Available for Formal Supervisory Action	2110.0.1 2110.0.2.10
Foreign Banks' Underwriting of Securities	3510.0.2.3	Subpoena Power	2110.0.2.2
Foreign Corrupt Practices Act and Federal Election Campaign Act	2120.0	Temporary Cease and Desist Orders	2110.0.2.2
Advisory Opinions	2120.0.9	Termination of Nonbank Activity	2110.0.2.5
Apparent Violations of the Statutes	2120.0.8	Types of Corrective Actions	2110.0.2
Banks and the FECA	2120.0.3	Violations of Final Orders and Written Agreements	2110.0.2.6
Contributions and Expenditures	2120.0.4	Written Agreements	2110.0.2.3
Inspection Objectives	2120.0.6	Formation of Small Bank Holding Companies, Policy Statement	2090.2.3
Inspection Procedures	2120.0.7	Forward Contracts	2130.0.3.1.1
Separate Segregated Funds and Political Committees	2120.0.5	Commodities-Based, Brokerage	3251.0.13.2
		Frequency Guidelines for Inspecting Second-Tier BHCs over \$5 Billion	5000.0.6.2
		Frequency Guidelines for Inspecting Second-Tier BHCs Rated 3, 4, or 5	5000.0.6.3
		Full-Payout Leasing	3140.0.1
		Functionally Regulated Subsidiaries, Examination of	1040.3
		Functional Regulation	3950.0.2.3
		Funding	2080.05, 2260.0.3, 3070.0.5, 3090.1.2, 3090.2.2, 3100.0.2
		BHC Funding from Sweep Accounts	2080.6
		BHC Funding and Liquidity	2080.05

Funding—continued		Futures Commission Merchant (FCM)—continued	
Commercial Paper—		Internal Controls and Internal Audit	3250.0.7.5.2
Short-Term Debt	2080.1	Laws, Regulations, Interpretations, and Orders	3250.0.11
Convertible Preferred Debenture	2080.2.2	Options on Futures Contracts Scope	3250.0.3 3250.0.5.1
Convertible Subordinated Debenture	2080.2.1	Futures, Forward, and Option Contracts	2130.0
Current Portion of Long-Term Debt	2080.1.5	Accounting for Futures Contracts	2130.0.14
Current Transactions	2080.1.1.3	Advice on Futures	3130.4.4
Employee Stock Ownership Plans (ESOPs)	2080.5.2	Asset–Liability Management	2130.0.11
Equity	2080.3	Basis	2130.0.10.2
Fiduciary Standards under ERISA Pertaining to ESOPs	2080.5.2.2	Caps, Floors, and Collars	2130.0.8.2
Funding by Sweeping Deposit Accounts	2080.6.1	Comparison of Futures, Forward, and Standby Contracts	2130.0.7
Inspection Considerations	2080.5.4	Contract Liquidity	2130.0.13.4
Inspection Objectives	2080.1.6	Criteria for Hedge Accounting Treatment	2130.0.14.3
Inspection Procedures	2080.1.7	Definitions	2130.0.2
Long-Term Debt	2080.2	Delivery Process	2130.0.5
Marketing of Commercial Paper	2080.1.2	Evaluating the Risks of Contract Activities	2130.0.13.1
Negative Covenants	2080.2.3	Evaluation of the Hedge	2130.0.10.4.1
Other Short-Term Indebtedness	2080.1.4	Example 1: A Perfect Short Hedge	2130.0.10.3.1
Pension Funding and Employee Stock Option Plans	2080.5	Examples of Contract Strategies	2130.0.10
Preferred Stock	2080.3.1	Factors to Consider in Evaluating Overall Risk	2130.0.13.3
Retention of Earnings	2080.4	Financial Contract Transactions	2130.0.3
Status of ESOPs Under the BHC Act	2080.5.3	Foreign Currency Options	2130.0.8.1.2
Stock Option Programs	2080.5.1	Forward Contracts	2130.0.3.1.1
Thrift Notes and Similar Debt Instruments	2080.1.3	Futures Contracts	2130.0.3.1.2
Funding and Liquidity	2080.05.1	Gains and Losses from Monthly Contract Valuations of Futures Contracts That Qualify as Hedges	2130.0.14.4
Funding Policies	2010.1	Hedging a Borrowing with an Interest Rate Cap	2130.0.10.6
Inspection Objectives	2010.1.1	Inspection Objectives	2130.0.12
Inspection Procedures	2010.1.2	Inspection Procedures	2130.0.13
Policy Statement on the Responsibility of Bank Holding Companies to Act as Sources of Strength to Their Subsidiary Banks	2010.0.1	Internal Audit	2130.0.16.2
Furnishing Services to Banking Subsidiaries	3020.0.4	Internal Controls	2130.0.16.1
Futures Advisory Services (Investment Advice)	3250.0.5.2.6	Internal Controls and Internal Audit	2130.0.16
Futures Commission Merchant (FCM)	3250.0	Laws, Regulations, Interpretations, and Orders	2130.0.17
FCM Inspection Procedures	3250.0.10	Long Hedge	2130.0.10.4
Futures Advisory Services (Investment Advice)	3251.0.12		
Inspection Questionnaire	3250.0.11		
Inspection Objectives	3250.0.9		

Futures, Forward, and Option Contracts—continued		Grandfathering Provisions— Regulation O—continued	
Margin Requirements	2130.0.4	Inspection Objectives	2030.0.7
Markets and Contract Trading	2130.0.3.1	Inspection Procedures	2030.0.8
Mechanics and Operation of Futures Exchanges	2130.0.6	Laws, Regulations, Interpretations, and Orders	2030.0.9
Mortgage Banking Price Hedge	2130.0.10.1	Retention and Expansion of Activities	2030.0
Option Contracts	2130.0.8, 2130.0.8.1	Successor Rights	2030.0.4
Parties Executing or Taking the Contra Side of a Financial Contract	2130.0.13.6	Guarantees, Classification Process	2240.0.3
Performance Bonds Under Futures Contracts	2130.0.14.1	Guaranty Fees	3070.0.4.6
Preparing Inspection Reports	2130.0.15	Grandfather Rights	3510.0.3
Regulatory Framework	2130.0.9	Guidelines for Classifying Formally Restructured Loans	2240.0.2.3
Relationship to Banking Activities	2130.0.13.5	Guidelines for Classifying Partially Charged-Off Loans	2240.0.2.2
Reviewing Financial Contract Positions	2130.0.13.2	Guidelines for the Real Estate Appraisal and Evaluation Programs	2231.0.16
Standby Contracts	2130.0.3.1.2	Guidelines for the Review and Classification of Troubled Real Estate Loans	2240.0
Stock Index Options	2130.0.8.1.1	Classification Guidelines	2240.0.2
Trading Account Short Hedge	2130.0.10.3	Classification of Troubled Project-Dependent Commercial Real Estate Loans	2240.0.2.1
Valuation of Open Positions	2130.0.14.2	Considerations Relating to a Guarantor’s Financial Capacity	2240.0.3.1
Variation Margin Calls	2130.0.4.1	Considerations Relating to a Guarantor’s Willingness to Repay	2240.0.3.2
G		Examiner Review of Commercial Real Estate Loans	2240.0.1
General Management Consulting	3700.4	Examiner Review of Individual Loans, Including Analysis of Collateral Value	2240.0.1.3
General Prohibitions and Limitations of Regulation O	2050.0.3.3	Guidelines for Classifying Formally Restructured Loans	2240.0.2.3
Golden Parachute or Indemnification Payment	2110.0.3	Guidelines for Classifying Partially Charged-Off Loans	2240.0.2.2
Government and Municipal Securities	3240.0.5	Indicators of Troubled Real Estate Markets and Projects, and Related Indebtedness	2240.0.1.2
Government Securities Trading	3240.0.6	Loan Policy and Administration Review	2240.0.1.1
Arbitrage	3240.0.6.5		
Clearance	3240.0.6.3		
Due Bills	3240.0.6.2		
Short Sales	3240.0.6.4		
“When-Issued” Trading	3240.0.6.1		
Government Services, Providing	3600.25		
Grandfather Exemption from Section 4 of the BHC Act for BHCs Which Are Banks	3520.0		
Grandfathering Provisions— Regulation O	2050.0.3.5		
Appendix 1—Expansion of Grandfathered Activities	2030.0.10		
Divestitures	2090.6		
Expansion of Grandfather Activities	2030.0.3		
Indefinite Grandfather Privileges	2030.0.1		

Guidelines for the Review and Classification of Troubled Real Estate Loans—continued		Home Equity Lending, Credit-Risk Management Guidance for	2010.2.4
Other Considerations as to the Treatment of Guarantees in the Classification Process	2240.0.3.3	Account Management	2010.2.4.1.6
Treatment of Guarantees in the Classification Process	2240.0.3	Automated Valuation Models (AVMs)	2010.2.4.1.5
Guidelines for Controlling Repurchase Agreement Collateral	2150.0.2	Classifications, ALLL, and Capital	2010.2.4.1.10
Confirmations	2150.0.2.1	Collateral-Valuation Management	2010.2.4.1.4
Control of Securities	2150.0.2.2	Credit-Risk Management Systems	2010.2.4.1
Margin Requirements	2150.0.2.3	Operations, Servicing, and Collections	2010.2.4.1.8
Overcollateralization	2150.0.2.4	Origination and Underwriting	2010.2.4.1.2
Guidelines—Securities Lending	2140.0.3	Portfolio Management	2010.2.4.1.7
Administrative Procedures	2140.0.3.2	Product Development and Marketing	2010.2.4.1.1
Cash as Collateral	2140.0.3.6	Secondary-Market Activities	2010.2.4.1.9
Collateral Management	2140.0.3.5	Third-Party Originations	2010.2.4.1.3
Credit Analysis and Approval of Borrowers	2140.0.3.3	<b>I</b>	
Credit and Concentration Limits	2140.0.3.4	Impact, Rating Component	4070.0.2.4
Employee Benefit Plans	2140.0.3.10	Impermissible Activities	3700.0
Indemnification	2140.0.3.11	Acting as a Specialist in Foreign Currency Options on a Securities Exchange	3700.8
Letters of Credit as Collateral	2140.0.3.7	Armored Car Services	3700.10
Recordkeeping	2140.0.3.1	Brokerage	3700.3.1
Use of Finders	2140.0.3.9	Computer Output Microfilm Service When It Is Not an Output Device for Otherwise Permissible Data Processing Services	3700.11
Written Agreements	2140.0.3.8	Design and Assembly of Hardware for the Processing or Transmission of Banking and Economic Data	3700.9
<b>H</b>		General Management Consulting	3700.4
Hardware and Software as an Integrated Package	3160.0.5	Insurance Premium Funding	3700.2.1
Hedge Accounting Treatment	2130.0.14.3, 3070.0.6.9.2	Land Investment and Development	3700.1
Hedge Instruments	3070.0.6.9.4	Life Insurance Underwriting	3700.2.2
Hedging a Borrowing with an Interest Rate Cap	2130.0.10.6	Property Management	3700.5
Hedge Instruments	3070.0.6.9.4	Providing Credit Ratings on Bonds, Preferred Stock, and Commercial Paper	3700.7
Hedging Practices (MSAs)	3070.0.6.9	Real Estate Brokerage and Syndication	3700.3
Hedging Strategies	3070.0.3.4.5	Sale of Level-Term Life Insurance	3700.2.3
History of Applying the Capital Adequacy Guidelines to the Policy Statement on the Formation of Small Bank Holding Companies	2090.2.2		
History of Board Approvals of Underwriting and Dealing in Government Obligations and Money Market Instruments	3240.0.1		
Holding Companies with No Identified Problems or Special Characteristics	5000.0.4.1		

Impermissible Activities—continued		Information Security	
Syndication	3700.3.2	Standards—continued	
Title Insurance	3700.2.6	Response Programs for	
Travel Agencies	3700.6	Unauthorized Access to	
Underwriting Property and		Customer Information and	
Casualty Insurance	3700.2.5	Customer Notice	2124.4.2, 2124.4.2.1
Underwriting Real Estate		Sensitive Customer	
Mortgage Guarantee		Information	2124.4.2.2.2
Insurance	3700.2.4	Standard for Providing Notice	2124.4.2.2.1
Improper Marketing Practices	2175.0.4	Information Technology in Risk-	
Incidental Activities	3160.0.2	Focused Supervision,	
Income Approach	2231.0.6.1.3	Assessment of	2124.1
Income from the Sale of Life		Aligning Examiner Staffing	
Insurance	3170.0.4	with the Technology	
Income Tax Allocation	2070.0.1	Environment	2124.1.4
Income Tax Sharing		Changing Role of Information	
Agreements	2070.0.1.1	Technology	2124.1.1
Indefinite Grandfather		Evaluating Information	
Privileges	2030.0.1	Technology, Framework for	2124.1.3
Indemnification	2110.0.3, 2140.0.3.11	Information Technology	
Independence of the		Elements to be	
Independent Public		Considered in Assessing	
Accountant	2060.05.3	Business Risks of	
Indicators of Troubled Real		Particular Situations,	
Estate Markets and		Examples of (Appendix	
Projects, and Related		A)	2124.1.7
Indebtedness	2240.0.1.2	Inspection Objectives	2124.1.5
Indirect Control	2090.0.3	Inspection Procedures	2124.1.6
Industrial Banking	3110.0	Risk-Focused Supervision,	
Inspection Objectives	3110.0.2	Implications for	2124.1.2
Inspection Procedures	3110.0.3	Insider Use of a Bank-Owned	
Laws, Regulations,		Credit Card	2050.0.3.2.2
Interpretations, and		Inspection and Examination	
Orders	3110.0.4	Reports	5000.0.8.3.7
Nonbanking Acquisitions Not		Inspection Checklist for	
Requiring Prior Board		Compliance with Tie-in	
Approval	3110.0.1	Arrangements Prohibitions	3500.0.8
Ineligible Collateral and		Inspections (BHC) Conducted	
Guarantees	4060.3.5.4.2	in a	
Information Security Standards	2124.4	Federal Reserve Bank Office,	
Affected Customers	2124.4.2.2.3	Portions of	5060.0
Components of a Response		General Procedures for	
Program	2124.4.2.1.1	Off-Site Inspections	5060.0.3.1
Content of Customer Notice	2124.4.2.2.4	Inspection Activities That Can	
Customer Notice	2124.4.2.2	Be Completed in the	
Delivery of	2124.4.2.2.5	Office	5060.0.2.1
Disposal of Customer and		Inspection Activities That	
Consumer Information	2124.4.1.1	Should Be Conducted	
Inspection Objective	2124.4.3	On-Site	5060.0.2.2
Inspection Procedures	2124.4.4	Inspection Procedures for	
Interagency Guidelines		Implementing Off-Site	
Establishing Information		Inspections for Certain	
Security Standards	2124.4.1, 2124.4.5	Shell BHCs—	
		Appendix 2	5060.0.3
		Off- and On-Site Inspection	
		Procedures—Appendix 1	5060.0.2

Inspections (BHC) Conducted in a—continued				Inspection of BHC Subsidiary Engaged in Futures Commission Merchant Activities				
Sample Information Request for a Bank Holding Company	5060.0.2.3							3250.0.5
Inspection Considerations	2080.5.4,	3250.0.5.2		Capital				3250.0.5.2.2
Capital		3250.0.5.2.2		Credit Analysis				3250.0.5.2.5
Credit Analysis		3250.0.5.2.5		Exchange Membership				3250.0.5.2.1
ESOPs		2080.5.4		Futures Advisory Services (Investment Advice)				3250.0.5.2.6
Exchange Membership		3250.0.5.2.1		Inspection Considerations				3250.0.5.2
Futures Advisory Services (Investment Advice)		3250.0.5.2.6		Internal Audit				3250.0.7.6
Internal Controls and Internal Audit		3250.0.7.5.2		Internal Controls				3250.0.7.5.2
Leverage		4010.1.2		Margin Requirements				3250.0.5.2.4
Margin Requirements		3250.0.5.2.4		Presentation of Findings				3250.0.5.2.8
Presentation of Findings		3250.0.5.2.8		Purpose and Scope				3250.0.5.1
Inspection Frequency		5000.0.4		Inspection Procedures	1030.0.1,	2010.0.4,		
Holding Companies with no Identified Problems or Special Characteristics		5000.0.9.1		2010.1.2,	2010.2.9,	2010.3.2,		
Inspection Objectives	2010.0.3,	2010.1.1.1,		2010.10.2,	2010.12.3,	2020.1.4,		
2010.2.8,	2010.3.1,	2010.4.1,		2020.2.2,	2020.3.2,	2020.4.2,		
2010.5.6,	2010.9.2,	2010.10.1,		2020.5.3,	2020.6.3,	2020.7.2,		
2010.12.2,	2020.1.3,	2020.2.1,		2030.0.8,	2040.0.2,	2050.0.6,		
2020.3.1,	2020.4.1,	2020.5.2,		2060.1.6,	2060.2.2,	2060.3.2,		
2020.6.2,	2020.7.1,	2030.0.7,		2060.4.2,	2060.5.7,	2065.2.2,		
2040.0.1,	2050.0.6,	2060.1.5,		2065.4.3,	2070.0.4,	2080.1.7,		
2060.2.1,	2060.3.1,	2060.4.1,		2080.2.5,	2080.3.3,	2090.0.7,		
2060.5.6,	2065.2.1,	2065.4.2,		2090.1.14,	2090.2.6,	2090.3.3,		
2070.0.3,	2080.1.6,	2080.2.4,		2090.6.2,	2120.0.7,	2124.0.4,		
2080.3.2,	2090.0.6,	2090.1.13,		2124.4.4,	2126.3.8,	2128.02.10,		
2090.2.5,	2090.3.2,	2090.6.1,		2128.03.6,	2128.04.2,	2128.05.2,		
2120.0.6,	2124.0.3,	2124.4.3,		2128.08.2,	2129.0.5,	2129.05.5,		
2126.3.7,	2128.02.9,	2128.03.5,		2130.0.13,	2160.0.4,	2175.0.6,		
2128.04.1,	2128.05.1,	2128.08.2,		2178.0.4,	2187.0.7,	2190.0.9,		
2129.0.4,	2129.0.54,	2130.0.12,		2190.1.6,	2231.0.12,	2250.0.4,		
2160.0.3,	2175.0.5,	2178.0.3,		2260.0.7,	3030.0.3,	3040.0.6,		
2187.0.6,	2231.0.11,	2250.0.3,		3050.0.4,	3060.0.4,	3070.0.1.7,		
2260.0.6,	3010.0.4,	3020.0.7,		3070.0.2.8,	3070.0.3.6,	3070.0.4.10,		
3030.0.2,	3040.0.5,	3050.0.3,		3070.0.5.10,	3070.0.6.11,	3070.0.7.6,		
3060.0.3,	3070.0.1.6,	3070.0.2.7,		3071.0.3,	3100.0.4,	3100.0.4.5,		
3070.0.3.5,	3070.0.4.9,	3070.0.5.9,		3110.0.3,	3130.0.2,	3130.1.3,		
3070.0.6.10,	3070.0.7.5,	3071.0.2,		31304.1.2,	3130.6.2,	3130.2.2,		
3080.0.1,	3090.1.3,	3090.2.3,		3130.3.3,	3140.0.6,	3150.0.5,		
3100.0.3,	3100.0.2,	3130.0.1,		3160.0.12,	3170.0.6,	3180.0.6,		
3130.1.2,	3130.1.1,	3130.3.2,		3200.0.3,	3270.0.7,	3290.0.2,		
3130.4.1.1,	3130.6.1,	3140.0.5,		3320.0.2,	3330.0.2,	3340.0.2,		
3150.0.4,	3160.0.11,	3170.0.5,		3500.0.7,	3560.0.1,	3950.0.10,		
3180.0.5,	3190.0.1,	3200.0.2,		4010.2.10,	4030.0.1,	4060.3.11,		
3210.0.1,	3230.0.7,	3240.0.11,		4060.8.4,	4090.5,	4060.7.10,		
3250.0.6,	3270.0.6,	3290.0.1,			5052.0.5,	5060.0		
3320.0.1,	3330.0.1,	3340.0.1,		Accounting and Controls				3090.2.4.2
3500.0.6,	3600.0.1,	3950.0.9,		Advisory Activities				3130.0.2
4010.0.7,	4010.2.9,	4060.3.10,		Asset Classification Policy				3100.0.4.7
4060.7.9,	4060.8.2	4090.4,		Asset Evaluation	3090.1.4.3,	3090.2.4.5		
		5052.0.4		Asset Quality				3070.0.5.4
				Audits and Controls				3230.0.10.2.5

Inspection Procedures—continued		Inspection Procedures—continued	
Capital Adequacy and Risk		Over-Advances and Other Loans	3090.2.4.4, 3100.0.4
Assessment	4060.7.9	Parties Executing or Taking	
Classification	3070.0.5.4.1	the Contra Side of a	
Compliance	3100.0.4.6, 3230.0.10.5	Financial Contract	2130.0.13.6
Conflicts of Interest	3230.0.10.3	Policy Evaluation	3100.0.4.2
Consumers, Educational		Presentation of Classifications	3070.0.5.4.2
Courses Financial		Presentation of Findings	3230.0.10.6
Counseling	3130.5	Ratio Analysis	3100.0.4.8
Contract Liquidity	2130.0.13.4	Real Estate Owned	3070.0.4.7
Counterparty Credit		Real Estate and Personal	
Risk	2126.3.8	Property Appraising	3270.0.6
Credit Department	3090.1.4.2	Recordkeeping	3230.0.10.2.4
Definitions	3090.2.4.3	Relationship with Affiliated	
Delinquency	3070.0.5.4, 3100.0.4.9	Trust Departments	3230.0.10.3.1
Delivery	3230.0.10.2.3	Relationship to Banking	
Detailed Procedures for an		Activities	2130.0.13.5
Office Visit	3100.0.4.4	Reviewing Financial Contract	
DPC Assets	3090.2.4.6	Positions	2130.0.13.2
Earnings, Volume Trends, and		Servicing Portfolio	3080.0.2
Prospects	3230.0.10.4	Section 4(c)(1)(A)	3020.0.8.1
Environmental Liability	2010.5.7	Section 4(c)(1)(B)	3020.0.8.2
Evaluating the Risks of		Section 4(c)(1)(C)	3020.0.8.3
Contract Activities	2130.0.13.1	Section 4(c)(1)(D)	3020.0.8.4
Evaluation of the Company's		Section 4(c)(6)	3060.0.4.1
Condition	3100.0.4.13	Section 4(c)(7)	3060.0.4.2
Evaluation of the Supervisory		Settlement	3230.0.10.2.2, 3240.0.12, 3560.0.1
Structure	3100.0.4.3	Subprime Lending	2129.05.5
Execution	3230.0.10.2.1	Volume	3100.0.4.12
Export Trading Company		Inspection Report, Appendix	
Questionnaire	3560.0.1.1, 3600.0.2, 4010.0.8	Section	5010.1.2
Factoring	3090.1.4	Inspection Report Forms	5030.0
Factors to Consider in		Inspection Reports, Completion	
Evaluating Overall Risk	2130.0.13.3	Standard	5000.0.11
Financial Condition	3090.2.4.7	In-Substance Foreclosures	2065.1.7
Implementing Off-Site		Insurance	2060.5
Inspections for Certain		Banker's Blanket Bond	2060.5.2
Shell BHCs—		Definition of a Finance	
Appendix 2	5060.0.3	Company	3170.0.3.2.1
Liquidation	3100.0.4.10	Determining the Coverage	
Loss Reserves	3100.0.4.11	Needed	2060.5.4
Mortgage Banking	3070.0.1.7, 3070.0.2.8, 3070.0.3.6, 3070.0.4.10, 3070.0.5.10, 3070.0.6.11, 3070.0.7.6	Disposition of Credit Life	
Off-Site	5060.0	Insurance Income	3170.0.4.2
On-Site Inspection	2260.0.7.2, 3010.0.5, 3020.0.8, 3070.0.9, 3090.1.4.1, 3090.2.4, 3090.2.4.1, 3100.0.4.1, 3160.0.12.2, 3170.0.6, 3180.0.6, 3190.0.2, 3210.0.2, 3230.0.10	Income from the Sale of Life	
Operations	3230.0.10.2	Insurance	3170.0.4
Organization and		Inspection Objectives	2060.5.6
Management	3230.0.10.1	Inspection Procedures	2060.5.7
		Notification of Loss	2060.5.5
		Types of Blanket Bonds	2060.5.3
		Insurance Agency Activities of	
		Bank Holding Companies	3170.0
		Inspection Objectives	3170.0.5
		Inspection Procedures	3170.0.6



Insurance Agency Activities of Bank Holding Companies—continued		Insurance Sales Activities and Consumer Protection in Sales of Insurance—continued	
Insurance Activities Permissible for BHCs per Section 225.28(b)(11)(i) of Regulation Y	3170.0.3.1	Consumer Acknowledgment, Inspection Procedure	3950.0.11.2.3
Insurance Agency Activities Permissible for BHCs	3170.0.1	Consumer Complaints	3950.0.11.2.9
Insurance Agency Activities	3170.0.2	Consumer Protection in Sales of Insurance	
Laws, Regulations, Interpretations, and Orders	3170.0.7	Consumer	
Limitations on Expansion of Grandfather Rights	3170.0.3.4.1	Acknowledgment	3950.0.6.5
Permissible Types of Coverage	3170.0.3	Disclosures	3950.0.6.4
Policy Statement on Income From Sale of Credit Life Insurance	3170.0.4.1	Overview of	3950.0.6.1
Property Insurance a Finance Company May Sell	3170.0.3.2.2	Relationship to State Regulation	3950.0.6.9
Section 225.28(b)(11) (i) of Regulation Y	3170.0.3.1	Rules	3950.0.6
Section 225.28(b)(11) (ii) of Regulation Y	3170.0.3.2	Scope of	3950.0.7.3
Section 225.28(b)(11) (iii) of Regulation Y	3170.0.3.3	Corporate Name or Logo, “On-Behalf-of” Test and Use of	3950.0.7.4.2
Section 225.28(b)(11) (iv) of Regulation Y	3170.0.3.4	Credit Designation, Training, and Supervision of Personnel	3950.0.4.1.3
Section 225.28(b)(11) (v) of Regulation Y	3170.0.3.5	Disclosures, Inspection Program	3950.0.11.2.2
Section 225.28(b)(11) (vi) of Regulation Y	3170.0.3.6	Disclosures	3950.0.7.1
Section 225.28(b)(11) (vii) of Regulation Y	3170.0.3.7	Acknowledgment of Disclosures	3950.0.7.2
Transfer of Grandfather Rights Among Subsidiaries	3170.0.3.4.2	Acknowledgment Provided Electronically, Appropriate Form or Format	3950.0.7.2.2
Insurance Claims Administration and Risk-Management Nonbanking Services	3905.0	Acknowledgment Receipt, Timing of	3950.0.7.2.5
Insurance Premium Funding	3700.2.1	Credit Disclosures	3950.0.7.1.1
Insurance Program in Mortgage Banking	3070.0.1.5.5	Insurance Company Acknowledgments, Retention of	3950.0.7.2.3
Insurance Sales Activities and Consumer Protection in Sales of Insurance	3950.0	Sales by Mail and Telephone, Disclosures for	3950.0.7.1.2
Advertising and Promotional Materials	3950.0.11.2.1	Short-Form Insurance Disclosures	3950.0.7.1.3
Anti-Tying Prohibitions	3950.0.3.2	Written Acknowledgment, Form of	3950.0.7.2.4
Compliance Programs and Internal Audits	3950.0.11.1.3	Written Acknowledgment, Reasonable Efforts to Obtain	3950.0.7.2.1
Compliance with the Consumer Protection in Sales of Insurance Regulation, Examining for	3950.0.6.11	Elements of a Sound Insurance or Annuity Sales Program	3950.0.4.1
Compliance, CPSI Regulation	3950.0.4.1.4, 3950.0.7.5	Federal Crop Insurance, Applicability to Functional Regulation	3950.0.7.3.2 3950.0.2.3

Insurance Sales Activities and Consumer Protection in Sales of Insurance—continued		Insurance Sales Activities and Consumer Protection in Sales of Insurance—continued	
Glossary of Insurance and Annuity Sales Terms (Appendix B)	3950.0.8	State Regulation of Insurance Activities	3950.0.2.2
Hiring, Training, and Supervision	3950.0.11.2.6	Statutory and Regulatory Requirements and Policy Guidance	3950.0.3
Income from Sale of Credit Life Insurance, Policy Statement	3950.0.3.3	Supervisory Approach	3950.0.2
Information Sharing with the Functional Regulator	3950.0.2.4	Supervisory Objective	3950.0.2.1
Inspection Objectives	3950.0.9	Third-Party Agreements, Inspection Procedures	3950.0.11.2.8
Inspection Procedures	3950.0.10	Third-Party Arrangements in Insurance and Annuity Sales Programs	3950.0.4.1.2
Insurance and Annuity Sales Activities, Risk Assessment	3950.0.11.1	Insurance Underwriters	3180.0
Insurance Coverage Renewals, Disclosures Required	3950.0.7.4.1	Inspection Objectives	3180.0.5
Insurance Disclosures	3950.0.6.3	Inspection Procedures	3180.0.6
Insurance Sales, Setting for	3950.0.7.5.2	Laws, Regulations, Interpretations, and Orders	3180.0.7
Insurance, Renewals of	3950.0.7.4	Permissible Underwriting	3180.0.1.1
Internal Control Questionnaire	3950.0.11	Insurance Underwriting Activities	3180.0.1
Joint Interpretations of the Consumer Protection in Sales of Insurance Regulation (Appendix A)	3950.0.7	Underwriting as Reinsurer	3180.0.4
Location	3950.0.6.6	Interaffiliate Tying Arrangements	3070.0.7.4.2
Management Information Systems	3950.0.11.1.2	Interagency Agreement to Conduct Concurrent Examinations of Certain BHCs and Their Lead Bank Subsidiaries	5000.0.8.2
Misrepresentations	3950.0.6.2	Interagency Coordination of BHC Inspections and Subsidiary Bank Examinations	5000.0.8.1
Oral Disclosure or Oral Acknowledgment, Appropriate Documentation of	3950.0.7.5.1	Interagency Inspection/ Examination Agreements	5000.0.8
Overview and Scope	3950.0.1	Interagency Agreement to Conduct Concurrent Examinations of Certain BHCs and Their Lead Bank Subsidiaries	5000.0.8.2
Physical Separation from Deposit Activities	3950.0.11.2.4	Interagency Notification	2110.0.2.11
Privacy Rule and the Fair Credit Reporting Act	3950.0.3.1	Interagency Policy Statement on Examination Coordination	5000.0.8.3
Private Mortgage Insurance, Applicability to	3950.0.7.3.1	Coordinating the Planning, Timing and Scope of Examinations and Inspections	5000.0.8.3.3
Program Management	3950.0.11.1.1	Coordinating and Conducting Joint Meetings Between Bank or Bank Holding Company Management and the Regulators	5000.0.8.3.5
Qualifications and Licensing	3950.0.11.2.5	Coordinating Information Requests	5000.0.8.3.8
Qualifications	3950.0.6.8	Coordinating Enforcement Actions	5000.0.8.3.9
Referrals, CPSI Regulation	3950.0.6.7, 3950.0.11.2.7		
Risk Assessment of Insurance and Annuity Sales Activities	3950.0.5		
Risk-Management Program	3950.0.4		
Sales of Insurance Regulation, Consumer Protection	3950.0.11.2		
Sales Practices and Handling of Customer Complaints	3950.0.4.1.1		
Solicitations and Applications	3950.0.7.3.3		

Interagency Policy Statement on Examination		Intercompany Transactions—continued	
Coordination—continued		Inspection Objectives	2020.1.3, 3070.0.7.5
Inspection and Examination Reports	5000.0.8.3.7	Inspection Procedures	2020.1.4, 3070.0.7.6
Interagency Policy Statement on Examination		Intraday Extensions of Credit	2020.1.1.5.2
Coordination	5000.0.8.3	Laws, Regulations, Interpretations, and Orders	2020.1.5
Interagency Review of Bank, Nonbank, and Parent Company Activities	5000.0.8.3.4	Leases	2020.1.1.2.1
Overview of Examination		Limitations of	
Coordination and Implementation		Amount—Value of Transactions	2020.1.1.2.3
Guidelines	5000.0.8.3.2	Limitations on Collateral	2020.1.1.4
Primary Supervisory and Coordination Responsibility	5000.0.8.3.1	Loan Participations	2020.2
Process for Handling Significant Differences Between the Agencies in Findings, Conclusions and Recommendations	5000.0.8.3.6	Management and Service Fees	2020.6, 3070.0.7.3
State Banking Departments	5000.0.8.3.10	Mortgage Banking	3070.0.7
Interagency Policy Statement on the Allowance for Loan and Lease Losses	2065.3.1	Mortgage-Servicing Assets	3070.0.6.4
Interagency Policy Statement on the Supervision of U.S. Branches and Agencies of Foreign Banks	2100.1.2	Policy Statement on Cash Dividend Payments	2020.5.1
Interagency Review of Bank, Nonbank, and Parent Company Activities	5000.0.8.3.4	Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies	2020.5.1.1
Interagency Statement on Independent Appraisal and Evaluation Functions, Appendix B	2231.0.17	Prohibited Transactions	2020.1.1, 3070.0.7.1.3
Interagency Supervisory Policy Statement on Securities Activities	2128.02.6	Reporting of Intercompany Transactions	5010.35.1
Intercompany Transactions	2020.0	Role of the Examiner	2020.0.1
Collateral for Certain Transactions with Affiliates	2020.1.1.3, 3070.0.7.1.2	Sale and Transfer of Assets	2020.3
Compensating Balances	2020.4	Section 23B of the Federal Reserve Act	2020.1.2, 3070.0.7.2
Contributing Shares or Assets of a BHC Affiliate to a Bank	2020.1.1.2.4	Security Purchase by Insured Depository Institution	2020.1.1.7
Covered Transactions	2020.1.1.2	Transactions Between Affiliates—Section 23A and 23B of the Federal Reserve Act	2020.1, 3070.0.7.1
De Facto Extensions of Credit	2020.1.1.2.2	Transfer of Low Quality Loans or Other Assets	2020.7
Definition of an Affiliate	2020.1.1	Interest Bearing Deposits with Subsidiary Banks	4010.2.4.1
Derivative Transactions	2020.1.1.5	Interest-Only Strips (IOs) and Principal-Only Strips (POs)	4060.3.5.4.4
Dividends	2020.5	Interest-Rate Risk	2127.0, 4060.3.5.4.5
Exemptions, Board-Approved	2020.1.1.8	Interests in Nonbanking Organizations	3040.0
Exemptions, Statutory	2020.1.1.6, 3070.0.7.1.4	Foreign Banking Organization	
Financial Subsidiaries	2020.1.1.9	Owning Shares in a Fiduciary Capacity	3040.0.3
		Inspection Objectives	3040.0.5
		Inspection Procedures	3040.0.6
		Laws, Regulations, Interpretations, and Orders	3040.0.7
		<i>BHC Supervision Manual</i>	July 2007
			Page 27

Interests in Nonbanking Organizations—continued		Internal Audit Function and Its Outsourcing—continued	
Other Reporting Requirements	3040.0.4	Internal Audit Function and Outsourcing Arrangements, Review of	2060.05.4.1
Transfer of Shares to a Trustee	3040.0.1	Internal Audit Function and Its Outsourcing, Interagency Policy Statement	2060.05.06
Trust Company Subsidiaries	3040.0.2	Internal Audit Management, Staffing, and Audit Quality	2060.05.1.1.2
Internal Audit	2130.0.16, 3070.0.1.5.1	Internal Audit Outsourcing Arrangements, (Part II)	2060.05.2
Internal Audit Function and Its Outsourcing	2060.05	Internal Audit Placement and Structure Within the Organization	2060.05.1.1.1
AICPA Guidance	2060.05.3.1.4	Management of Outsourced Internal Audit Function	2060.05.2.2.1
Applicability of the SEC’s Auditor Independence Requirements	2060.05.3.1	U.S. Operations of Foreign Banking Organizations	2060.05.1.2
Auditor Independence, Assessment of	2060.05.6.3	Internal Auditor	5010.34
Communication of Internal Findings to the Directors, Audit Committee, and Management	2060.05.1.1.4	Internal Capital Adequacy Analysis	
Communication of Outsourced Internal Audit Findings To Directors and Senior Management	2060.05.2.2.2	Examiner Review of	4060.7.8
Concerns About the Outsourcing Vendor	2060.05.4.3	Fundamental Elements of	4060.7.5
Director and Senior Management Responsibilities For Internal Audit	2060.05.1.1	Risks Addressed in	4060.7.6
Effective System of Internal Controls	2060.05.01	Internal Control Questionnaire, Sales of Insurance	3950.0.11
Examiner’s Review of Outsourcing Arrangements, Additional Aspects of	2060.05.6.2	Internal Control Systems and the Audit Function For Small Financial Institutions	2060.05.1.3
Independence of the Independent Public Accountant	2060.05.3	Internal Controls	2130.0.16, 3070.0.4.7, 4070.1.1.4
Inspection Concerns About the Adequacy of the Internal Audit Function	2060.05.4.2	Internal Controls and Audits	2125.0.3
Inspection Guidance (Part IV)	2060.05.4	Internal Controls and Internal Audit	2130.0.16
Inspection Objectives	2060.05.5	Internal Audit	2130.0.16.2
Inspection Procedures	2060.05.6	Internal Controls	2130.0.16, 3250.0.7.5.2
Institutions Not Subject to Section 36 of the FDI Act, Nonpublic Companies	2060.05.3.1.3	Internal Controls over MIS Integrity	5052.0.2
Institutions That Are Public Companies	2060.05.3.1.1	Internal Credit-Risk Ratings at Large Banking Organizations	2122.0
Internal Audit Frequency and Scope	2060.05.1.1.3	Allowance for Loan and Lease Losses	2122.0.4.3
		Credit-Risk Profile of the Portfolio, Reporting to Management	2122.0.4.2
		Credit-Risk Rating Inspection Guidance, Application to Large Bank Holding Companies	2122.01
		Inspection Objectives	2122.0.5
		Inspection Procedures	2122.0.6
		Internal Allocation of Capital	2122.0.4.5
		Internal Risk Ratings—Application to Internal Management and Analysis	2122.0.4

Internal Credit-Risk Ratings at Large Banking Organizations—continued		Investment in Companies Whose Activities Are Incidental to Banking—continued	
Limits and Approval Requirements	2122.0.4.1	Safe Deposit Business	3020.0.3
Pricing and Profitability	2122.0.4.4	Section 4(c)(1)(A)	3020.0.8.1
Sound Practices in Assigning and Validating Internal Risk Ratings	2122.0.3	Section 4(c)(1)(B)	3020.0.8.2
Sound Practices in Function and Design of Internal Rating Systems	2122.0.2	Section 4(c)(1)(C)	3020.0.8.3
Internal Loan Review	2010.10	Section 4(c)(1)(D)	3020.0.8.4
Inspection Objectives	2010.10.1	Investment or Financial Advisers	3130.1
Inspection Procedures	2010.10.2	Conflicts of Interest	3130.1.3.2.4
Internal Loan Review Program (Question #14)	5020.2.14	Inspection Findings	3130.1.4
Internal Risk-Rating System—ABCP Securitization Exposures	4060.8.2.1, 4060.8.2.2	Inspection Objectives	3130.1.2
International Activities of Domestic Bank Holding Companies	3550.0	Inspection Procedures	3130.1.3
Investments and Activities Abroad	3550.0.1	Laws, Regulations, Interpretations, and Orders	3130.1.6
Laws, Regulations, Interpretations, and Orders	3550.0.11	On-Site Inspection by Trust Examiner(s)	3130.1.5
Inventory Inspection Services on a Stand-Alone Basis	3600.28	Other Matters	3130.1.3.2.7
Investment Advice on Financial Futures and Options on Futures	3290.0	Portfolio Management	3130.1.3.2.3
Inspection Objectives	3290.0.1	Recordkeeping	3130.1.3.2.5
Inspection Procedures	3290.0.2	Review of Fundamental Policies and Procedures	3130.1.3.2.1
Laws, Regulations, Interpretations, and Orders	3290.0.3	Scope of Inspection	3130.1.3.1
Investment Advice (Portfolio) in Connection with Securities Brokerage	3230.1	Security Storage and Processing	3130.1.3.2.6
Investment in and Advances to Subsidiaries	5010.20.1	Supervision and Organization	3130.1.3.2.2
Investments in and Advances to Unconsolidated Banking and Finance Subsidiaries	4060.3.5.1	Investment Securities and End-User Derivatives Activities	2126.1
Investment in Companies Whose Activities Are Incidental to Banking	3020.0	Board and Senior Management Oversight	2126.1.1.3
Furnishing Services to Banking Subsidiaries	3020.0.4	Credit Risk	2126.1.1.5.2
Furnishing Services to Nonbank Subsidiaries	3020.0.5	Internal Controls	2126.1.1.4.3
Inspection Objective	3020.0.7	Legal Risk	2126.1.1.5.5
Inspection Procedures	3020.0.8	Liquidity Risk	2126.1.1.5.3
Laws, Regulations, Interpretations, and Orders	3020.0.9	Market Risk	2126.1.1.5.1
Liquidating Assets	3020.0.6	Operational (Transaction) Risk	2126.1.1.5.4
Providing Banking Quarters	3020.0.2	Policies, Procedures, and Limits	2126.1.1.4.1
		Portfolio Investment, Sound Risk-Management Practices for	2126.1.0
		Risk Identification, Measurement, and Reporting	2126.1.1.4.2
		Risk-Management Process	2126.1.1.4
		Risks of Investment Activities	2126.1.1.5
		Scope of Inspection	2126.1.1.2

Investment Securities and End-User Derivatives Activities		Issuance and Sale of Mortgage- Backed Securities	
Supervisory Policy Statement on Investment Securities and End-User Derivatives Activities	2126.1.1	Guaranteed by the Government National Mortgage Association	3600.23
Investments	2010.3	Issuing and Selling Official Checks with No Maximum Limitation on the Face Value	3210.1.2
Inspection Objectives	2010.3.1	Issuing and Selling Drafts and Wire Transfers Payable in Foreign Currencies with Unlimited Face Values Subject to Certain Limitations	3210.1.3
Inspection Procedures	2010.3.2	Issuing and Selling Variably Denominated Payment Instruments with Unlimited Face Values	3210.1.4
Investments and Activities Abroad	3550.0.1	Issuing Consumer-Type Payment Instruments Having Face Value of Not More Than \$10,000	3210.1.1
Calculating Compliance with the Individual and Aggregate General-Consent Limits	3550.0.5	<b>J</b>	
Examination of Foreign Subsidiaries of BHCs	3550.0.9	Joint Meetings Between Regulators and Bank or BHC Management	5000.0.8.3.5
General Consent for Well-Capitalized and Well-Managed Investors	3550.0.3	<b>K</b>	
Aggregate Investment Limits	3550.0.3.4	Key Components of a Personal Property Appraisal	3270.0.4
Individual Limit for Investments in a Joint Venture	3550.0.3.2	<b>L</b>	
Investment in a Subsidiary	3550.0.3.1	Labor, Agricultural or Horticultural Organizations	3010.0.2
Portfolio Investment	3550.0.3.3	Land Investment and Development	3700.1
Investment Ineligible for General Consent	3550.0.7	Laws, Regulations, Interpretations, and Orders	2020.1.5, 2020.2.3, 2020.5.4, 2020.6.3, 2020.9.7, 2030.0.9, 2050.0.7, 2060.4.3, 2070.0.5, 2090.0.9, 2090.2.7, 2090.6.3, 2090.7.3, 2130.0.17, 2140.0.4, 2150.0.4, 2187.0.8, 2231.0.15, 2250.0.5, 2260.0.8, 3010.0.6, 3020.0.9, 3030.0.4, 3040.0.7, 3050.0.5, 3060.0.5, 3070.0.10, 3090.1.5, 3090.2.5, 3100.0.5, 3110.0.4, 3111.0.2, 3130.1.6, 3130.3.6, 3130.4.7, 3140.0.7, 3150.0.6, 3160.0.13, 3170.0.7, 3180.0.7, 3190.0.3, 3200.0.4, 3210.0.3, 3220.0.1, 3230.0.12, 3240.0.14, 3250.0.9,
Investment Procedures	3550.0.2		
Investments Made with Prior Notice to or the Specific Consent of the Board	3550.0.8		
Limited General Consent for an Investor That Is Not Well Capitalized or Well Managed	3550.0.4		
Aggregate Limit	3550.0.4.2		
Individual Limit	3550.0.4.1		
Other Eligible Investments Under General Consent	3550.0.6		
Investments Under Section 5136 of the Revised Statutes	3050.0		
Companies in Which BHCs May Invest	3050.0.1		
Inspection Objectives	3050.0.3		
Inspection Procedures	3050.0.4		
Laws, Regulations, Interpretations, and Orders	3050.0.5		
Limitations	3050.0.2		

Laws, Regulations, Interpretations, and Orders—continued		Leveraged Financing—continued	
3270.0.8, 3290.0.3, 3320.0.3,		Participations Purchased	2010.2.3.1.3
3330.0.3, 3340.0.3, 3510.0.4,		Potential Conflicts, Process to	
3540.0.1, 3550.0.11, 3600.7.2,		Identify	2010.2.3.1.4
		Risk-Management Guidelines	2010.2.3.1.1
		Risk-Rating Guidance	2010.2.3.1.5
Leases	2020.1.1.2.1	Leveraged Leases	3140.0.4
Leasing	3140.0	Liability of Commonly	
Accounting for Leases	3140.0.3	Controlled Depository	
Accounting for Leases by a		Institutions	2090.8
Lessee	3140.0.3.1	Cross-Guarantee Provisions	2090.8.2
Accounting for Leases by a		Exclusion for Institutions	
Lessor	3140.0.3.2	Acquired in Debt	
Balance Sheet Presentation	3140.0.3.2.3	Collections	2090.8.3
Capitalized Lease Method of		Five Year Protection from	
Accounting for		Liability (5-year	
Leases—Lessee	3140.0.3.1.2	Transition Rules)	2090.8.1
Classification	3140.0.3.2.4	Life Insurance Underwriting	3700.2.2
Delinquency	3140.0.3.2.5	Limitations and Collateral of	
Direct Financing Capitalized		Section 23A of the	
Lease	3140.0.3.2.2	FR Act	2020.1.1.4
Inspection Objectives	3140.0.5	Limitations for Investment	
Inspection Procedures	3140.0.6	Under Section 5136 of the	
Laws, Regulations, Interpretations, and Orders	3140.0.7	Revised Statutes	3050.0.2
Leasing Authorizations		Limitations of Amount—Value	
Within Regulation Y	3140.0.1	of Transactions (Section	
Leveraged Leases	3140.0.4	23A	
Operating Method of		of the FR Act)	2020.1.1.4
Accounting for Leases—		Limitations on Expansion of	
Lessee	3140.0.3.1.1	Grandfather Rights	3170.0.3.4.1
Operating Method of		Limited FCM Clearing-Only and	
Accounting for Leases—		Executing Only Trades	3251.0.3
Lessor	3140.0.3.2.1	Limited Property Insurance	
Lending Activities, Other	3070.0	Related to an Extension of	
Lending Policy	2240.0.1.1	Credit (Finance Company	
Lending to Subprime Borrowers	3070.3.1.7	Subsidiary of a BHC)	3180.0.2
Lending Standards for		“Limited Scope” Inspection	
Commercial Loans	2010.2.2	Report Cover (FR 1427)	5040.0.4
Credit Policies	2010.2.2.1.1	Liquidating Assets	3020.0.6
Credit-Staff Approval of		Liquidation	3100.0.4.10
Transactions	2010.2.2.1.2	Liquidation Values of Real	
Forward-Looking Tools in the		Estate Loans	2065.1.8
Approval Process, Use of	2010.2.2.1.4	Liquidity	4010.2
Loan-Approval Documents	2010.2.2.1.3	Advances to Subsidiaries	4010.2.5
Loan Standards and Approval,		Analysis of	4020.4.3
Sound Practices in	2010.2.2.1	Analysis of Underlying	
Management and Lender		Sources to Fund Debt	
Information	2010.2.2.1.5	and to Meet Other	
Letters of Credit as Collateral	2140.0.3.7	Obligations	4010.2.4, 4020.4.3
Leverage	4010.1	Analyzing Funding	
Acquisition Debt	4010.1.2	Mismatches	4010.2.7
Employee Stock Ownership		Inspection Objectives	4010.2.9
Plans (ESOPs)	4010.1.1	Inspection Procedures	4010.2.10
Inspection Considerations	4010.1.2, 4030.3	Interest Bearing Deposits	
Leveraged Financing	2010.2.3	With Subsidiary Banks	4010.2.4.1
Distributions	2010.2.3.1.2		
Interagency Statement	2010.2.3.1		

Liquidity—continued		Loan Administration—continued	
Liquidity and Liabilities of the Parent	4010.2.6	Leveraged	
Reporting the Results of the Analysis	4010.2.8	Financing—continued	
Risk Management	4020.4.1	Potential Conflicts, Process to Identify	2010.2.3.1.4
Primary Credit Program	4020.4.2	Risk-Management Guidelines	2010.2.3.1.1
Statement of Parent Company Liquidity Position	4010.2.3	Risk-Rating Guidance	2010.2.3.1.5
Supervisory Approach to Analyzing Parent Company Liquidity	4010.2.2, 4020.4	Inspection Objectives	2010.2.8
Liquidity and Funding	3070.0.5.6	Inspection Procedures	2010.2.9
Liquidity and Liabilities of the Parent	4010.2.6	Loan Participations	2020.2
Liquidity Risk Management		Inspection Objectives	2020.2.1
Primary Credit Program	4020.4.1, 4020.4.2	Inspection Procedures	2020.2.2
Litigation	5010.35.6	Laws, Regulations, Interpretations, and Orders	2020.2.3
Loan Administration	2010.2	Loan Policy and Administration Review	2240.0.1.1
Concentrations in Commercial Real Estate Lending (CRE) and Sound Risk Management	2010.2.5	Loan Review	3070.0.1.5.3
Assessment of Capital Adequacy for CRE Concentration Risk	2010.2.5.4.2	Loan Syndications, Advice On Loans, Collateral-Dependent Non-Owner-Occupied Investor Loans	3130.4.2
Board and Management Oversight, CRE Concentration Risk	2010.2.5.3.1	Loans and Investments	3070.3.1.2
CRE Concentration Assessments	2010.2.5.2	Loans Secured by First Liens on 1–4 Family Residential Properties	3070.3.1.8
CRE Management Information Systems	2010.2.5.3.3	Long Hedge	2260.0.2
CRE Portfolio Management	2010.2.5.3.2	Long-Term Debt	2080.2
CRE Portfolio Stress Testing and Sensitivity Analysis	2010.2.5.3.6	Convertible Preferred Debenture	2080.2.2
CRE Risk Management	2010.2.5.3	Convertible Subordinated Debenture	2080.2.1
Credit Underwriting Standards	2010.2.5.3.5	Inspection Objectives	2080.2.4
Credit-Risk Review Function	2010.2.5.3.7	Inspection Procedures	2080.2.5
Evaluation of CRE Concentrations	2010.2.5.4.1	Negative Covenants	2080.2.3
Market Analysis	2010.2.5.3.4	Loss Reserves	3100.0.4.11
Scope, CRE Concentration Guidance	2010.2.5.1		
Supervisory Oversight, CRE Concentration Risk	2010.2.5.4	<b>M</b>	
Leveraged Financing Distributions	2010.2.3	Maintenance of Customer Securities Accounts	3230.0.2.2
Interagency Statement	2010.2.3.1	Management and Service Fees	2020.6
Participations Purchased	2010.2.3.1.3	Due Diligence Review for Fee Arrangements	2010.12.1
		Fees Involving Investments of Fiduciary Assets in Mutual Funds	2010.12
		Transactions Subject to FRA Section 23B	2020.6.1
		Inspection Objectives	2020.6.2
		Inspection Procedures	2020.6.3
		Management Consulting and Counseling Services	3200.0
		Employee Benefits Consulting	3200.0.1
		Limitations on Management Consulting	3200.0.1
		Inspection Objectives	3200.0.2



Management Consulting and Counseling Services—continued		Medical Payment Data, Network for the Processing and Transmission of	3160.1
Inspection Procedures	3200.0.3	Meetings with Directors	5000.0.9.2
Laws, Regulations, Interpretations, and Orders	3200.0.4	Criteria For Conducting Meetings	5000.0.9.2.1
Limitations on Management Consulting	3200.0.1	Merchant Banking	3907.0
Management Information Systems		Bona Fide Underwriting or Merchant Banking or Investment Activity	3907.0.2.3
Architecture and Planning	5052.0.3	Cross-Marketing Restrictions	3907.0.8
Audit	2060.1	Definitions	
Banker's Blanket Bond	2060.5.2	Portfolio Company and Financial Holding Company	3907.0.2.3.2
Budget	2060.2	Private Equity Fund	3907.0.5.1.1
Determining the Coverage Needed	2060.5.4	Depository Institutions	
Inspection Objectives	2060.1.5	Prohibited from Managing or Operating Portfolio Companies	3907.0.3.3
Inspection Procedures	2060.1.6	FHC Routinely Managing or Operating a Portfolio Company in Special Circumstances	3907.0.3.2.2
Insurance	2060.5	Funds Not Qualifying as Private Equity Funds	3907.0.5.1.4.1
Notification of Loss	2060.5.5	Holding-Period Tacking Provisions	3907.0.4.1
Records and Statements	2060.3	Holding Periods for Merchant Banking Investments	3907.0.4
Relevancy and Use	5052.0.1	Investments in Companies Engaged in Nonfinancial Activities	3907.0.2.2
Types of Blanket Bonds	2060.5.3	Investments Made Directly or Through Funds	3907.0.2.3.1
Management of Information Systems—Reporting		Laws, Regulations, Interpretations, and Orders	3907.0.10
Inspection Objectives	2060.4.1	Limits on Managing or Operating a Portfolio Company Held as an MBI	3907.0.3
Inspection Procedures	2060.4.2	Marketing Products or Services Involving a Portfolio Company	3907.0.8.1
Laws, Regulations, Interpretations, and Orders	2060.4.3	Merchant Banking Investment Authority	3907.0.1
Reporting	2060.4	Notice of Commencement of Merchant Banking Activities	3907.0.7.2
Management Report, Annual	2060.05.1.1	Notice of Large Merchant Banking Acquisitions	3907.0.7.4
Margin Credit Activities and Securities Brokerage	3230.0.3	Other Matters Related to Private Equity Funds	3907.0.5.1.4
Margin Lending	3230.0.2.1		
Margin Requirements	2130.0.4		
Variation Margin			
Calls	2130.0.4.1, 2150.0.2.3, 3250.0.5.2.4		
Market Data or Direct Sale Comparison Approach	2231.0.6.1.2		
Market Entry into Securities Brokerage	3230.0.5		
Marketing Activities—Mortgage Banking	3070.0.3		
Marketing of Commercial Paper	2080.1.2		
Marketing Risks and Risk Management	3070.0.3.4		
Markets and Contract Trading	2130.0.3.1		
Forward Contracts	2130.0.3.1.1		
Standby Contracts	2130.0.3.1.2		
Materials Required for Inspection	3230.0.9		
Matters Warranting Recommendation in Venture Capital Inspection Report	2260.0.7.3		
Mechanics and Operation of Futures Exchanges	2130.0.6		

Merchant Banking—continued		Merchant Banking and Equity	
Permissible Holding Period for		Investment Activities, Supervisory	
Private Equity Fund		Guidance on—continued	
Investments	3907.0.5.1.2	Legal and Regulatory Authority for	
Permitted Investments	3907.0.2	Equity Investments	3909.0.1
Policies, Procedures, Systems,		Legal Compliance	3909.0.2.3.2
and Reports	3907.0.7.1	Lending to or Engaging in	
Presumption of Control Under		Other Transactions with	
Sections 23A and 23B of		Portfolio Companies	3909.0.4
the FRA	3907.0.9	Management of the	
Private Equity Funds	3907.0.5	Investment Process	3909.0.2.2
Quarterly and Annual		Oversight by the Board of	
Reporting Requirements	3907.0.7.3	Directors and Senior	
Relationships Not		Management	3909.0.2.1
Constituting Routine		Periodic Reviews of Equity	
Management or		Investments	3909.0.2.2.2.3
Operation	3907.0.3.2	Sound Practices	
Risk-Management, Reporting,		for Equity Investments	3909.0.2
and Recordkeeping		Valuation and Accounting	3909.0.2.2.2.4
Policies	3907.0.7	Minicomputer Activities	3160.0.4
Routine Management and		Money Market Trading	3240.0.7
Operation Restrictions		Banker's Acceptances	3240.0.7.1
for Private Equity Funds	3907.0.5.1.3	Certificates of Deposit	3240.0.7.2
Routine Management or		Money Orders, Savings Bonds,	
Operation Relationships	3907.0.3.1	and Traveler's Checks	3210.0
Securities Affiliate	3907.0.2.1	Inspection Objectives	3210.0.1
Temporary Aggregate		Inspection Procedures	3210.0.2
Investment Thresholds		Laws, Regulations, Interpretations,	
for Merchant Banking		and Orders	3210.0.3
Investments	3907.0.6	Mortgage-Backed Securities	4060.3.5.2.2
Merchant Banking and Equity		Mortgage Banking	3070.0
Investment Activities,		Appendix A: First Day Letter	3070.0.11
Supervisory Guidance on	3909.0	Appendix B: Accounting	
Capital	3909.0.2.2.2.7	Literature	3070.0.12
Compensation	3909.0.2.3.3	Appendix C: Regulatory	
Disclosure of Equity		Guidance	3070.0.13
Investment Activities	3909.0.3	Asset/Liability Management	3070.0.5.6.3
Disposition of Investments	3909.0.2.2.2.6	Asset Quality	3070.0.5.4
Documentation of the		Assets	3070.0.5.1.1
Investment Process	3909.0.2.3.1	Balance Sheet	3070.0.5.1
Equity Investment and		Board Oversight	3070.0.1.1
Merchant Banking		Capital Adequacy	3070.0.5.7
Supervisory Objectives	3909.0.5	Cash-Flow Analysis	3070.0.5.6.2
Equity Investment and		Classification Procedures	3070.0.5.4.1
Merchant Banking		Collateral Requirements	3070.0.7.1.2
Supervisory Procedures	3909.0.6	Control Environment	3070.0.1.4
Exit Strategies	3909.0.2.2.2.5	Control Programs	3070.0.1.5
Equity Investment Policies		Cost Containment	3070.0.4.2
and Limits	3909.0.2.2.1	Counterparty Performance	3070.0.3.4.7
Equity Investment Procedures	3909.0.2.2.2	Data Security/Contingency	
Internal Controls	3909.0.2.3	Planning	3070.0.4.8
Investment Analysis and		Disclosures	3070.0.6.3
Approvals	3909.0.2.2.2.1	Earnings Performance	3070.0.5.5
Investment-Risk Ratings	3909.2.2.2.2	Equity Capital	3070.0.5.1.3
		Exemptions	3070.0.7.1.4
		Fallout	3070.0.3.4.4
		Financial Analysis	3070.0.5
		Financial Flexibility	3070.0.5.6.1

Mortgage Banking—continued		Mortgage Banking—continued	
Growth Strategies	3070.0.4.3	Management	3070.0.1.2
Guaranty Fees	3070.0.4.6	Management and Service Fees	3070.0.7.3
Hedge Accounting	3070.0.6.9.2	Marketing Risks and Risk	
Hedge Instruments	3070.0.6.9.4	Management	3070.0.3.4
Hedging Practices	3070.0.6.9.1	Marketing Activities	3070.0.3
Hedging Strategies	3070.0.3.4.5	Measurement	3070.0.6.1
Impairment Testing—		Mortgage-Servicing Assets	
Mortgage-Servicing		and Liabilities	3070.0.6
Assets	3070.0.6.2	MSA Hedging Practices and	
Income Statement	3070.0.5.2	Instruments	3070.0.6.9
Inspection Objectives—		On-Site Inspection of	
Board Oversight	3070.0.1.6	Mortgage Banking	
Inspection Objectives—		Subsidiaries	3070.0.9
Financial Analysis	3070.0.5.9	Organizational Structure	3070.0.1.3
Inspection Objective—		Overages	3070.0.2.6
Intercompany		Overall Assessment	3070.0.5.8
Transactions	3070.0.7.5	Oversight	3070.0.3.1
Inspection Objectives—		Pooling Practices	3070.0.3.3
Marketing Activities	3070.0.3.5	Position Reports	3070.0.3.4.6
Inspection Objectives—		Presentation of Classifications	3070.0.5.4.2
Mortgage-Servicing		Previously Recognized Excess	
Assets	3070.0.6.10	Servicing-Fee	
Inspection Objectives—		Receivables	3070.0.6.8
Production Activities	3070.0.2.7	Pricing	3070.0.3.4.3
Inspection Objectives—		Production Channels	3070.0.2.2
Servicing/Loan		Production Process	3070.0.2.4
Administration	3070.0.4.9	Production Risks	3070.0.2.5
Inspection Procedures—		Production Strategies	3070.0.2.3
Board Oversight	3070.0.1.7	Production Activities	3070.0.2
Inspection Procedures—		Prohibited Transactions	3070.0.7.1.3
Financial Analysis	3070.0.5.10	Quality Control	3070.0.1.5.4
Inspection Procedures—		Quantitative Restrictions	3070.0.7.1.1
Intercompany		Recourse Obligations	3070.0.4.5
Transactions	3070.0.7.6	Regulation Y Compliance	3070.0.8
Inspection Procedures—		Regulation Y, Section	
Marketing Activities	3070.0.3.6	225.7(d)	3070.0.7.4.1
Inspection Procedures—		Regulatory Reporting	3070.0.6.6
Mortgage-Servicing		Relevant MSA Characteristics	3070.0.6.9.3
Assets	3070.0.6.11	Reserves	3070.0.5.4.3
Inspection Procedures—		Revenue Generation	3070.0.4.1
Production Activities	3070.0.2.8	Revolving Warehouse Lines	
Inspection Procedures—		of Credit	3070.0.5.1.2.3
Servicing/Loan		Risk-Based Capital	3070.0.6.7
Administration	3070.0.4.10	Section 23A of the FRA	3070.0.7.1
Insurance Program	3070.0.1.5.5	Section 23B of the FRA	3070.0.7.2
Interaffiliate Tying		Securitization	3070.0.3.2
Arrangements	3070.0.7.4.2	Servicing Agreements	3070.0.4.4
Intercompany MSAs	3070.0.6.4	Servicing/Loan	
Intercompany Transactions	3070.0.7	Administration	3070.0.4
Internal Audit	3070.0.1.5.1	Table Funding	3070.0.6.5
Internal Controls	3070.0.4.7	Techniques	3070.0.3.4.1
Laws, Regulations,		Tie-In Considerations of the	
Interpretations, Orders	3070.0.10	BHC Act	3070.0.7.4
Liabilities	3070.0.5.1.2	Types of Loans	3070.0.2.1
Liquidity and Funding	3070.0.5.6		
Litigation	3070.0.1.5.6		
Loan Review	3070.0.1.5.3		

Mortgage Banking—continued		Nonbank Bank Tie-In Arrangements	3500.0.4
Unique Characteristics	3070.0.5.3	Nonbanking Acquisitions	
Unsalability	3070.0.3.4.2	Prior Board Approval Not Required	3110.0.1
Mortgage Banking Price Hedge	2130.0.10.1	Royalties as Compensation	3060.0.1.2
Mortgage-Servicing Assets	3070.0.6	Nonbanking Activities— <i>See also</i> Impermissible Activities; Permissible Activities by Board Order	
Multi-Tier Bank Holding		Accounting and Controls	3090.2.4.2
Company Inspections	5000.0.6	Accounts Receivable	
Frequency Guidelines for Second-Tier BHCs over \$5 Billion	5000.0.6.2	Financing	3090.2
Frequency Guidelines for Second-Tier BHCs Rated 3, 4, or 5	5000.0.6.3	Acquisition of Savings Associations	3111.0
Population of Second-Tiers Suitable for On-Site Inspection	5000.0.6.1	Activities Closely Related to Banking	3000.0.3
Second-Tier Shell BHCs	5000.0.6.4	Activities Closely Related to Banking, by Board Order	3000.0.2
Municipal Securities Brokers' Broker	3230.5	Activities Not Closely Related to Banking	3000.0.4
Mutual Funds, Investing in Shares of	4060.3.5.2.1	Activities Related to Extending Credit	3070.2
Mutual Funds, Providing Administrative and Certain Other Services	3600.27	Adding the Activity to Section 225.28(b) of Regulation Y	3240.0.2
Glass-Steagall Act Issues in Providing Administrative Services	3600.27.1	Advisers	3130.0
Permissibility of Proposed Administrative Services	3600.27.2	Appendix A— Previous Prior-Approval Requirements for Bank Holding Companies Proposing to Engage in Futures Commission Merchant Activities	3251.0.10
N		Appendix 1—Commodity Exchange or National Futures Association Audits	3250.0.10
Negative Covenants	2080.2.3	Appraisal of Construction and Construction Analysis Services	3270.0.5
Netting of Swaps and Similar Contracts	4060.3.5.3.6	Appraisal Standards for Federally Related Transactions	3270.0.2
Network for the Processing and Transmission of Medical Payment Data	3160.1	Appraisals of Real Estate and Personal Property	3270.0
Net Profits Test	2080.4.1.1	Appraiser's Qualifications	3270.0.3
New Customer Inquiries and Warning Signals	2187.0.3	Arbitrage	3240.0.6.5
New York Investment Company	3600.5.1	Arranging Commercial Real Estate Equity Financing	3220.0
Nine-Month Maturity Standard	2080.1.1.1	Asset Classification Policy	3100.0.4.7
Nonaccrual Assets		Asset Evaluation	3090.1.4.3
Acquisition of SFAS 15 and SFAS 114 Restructurings	2065.1.5	Asset Quality	3070.0.5.4
Nonaccrual Loans with Partial Charge-Offs	2065.1.2	ATMs, products distributed through— <i>See specific type of product.</i>	
Nonaccrual Loans That Have Demonstrated Sustained Contractual Performance	2065.1.4.2	Audits and Controls	3230.0.10.2.5
Nonaccrual Treatment of Multiple Loans to One Borrower	2065.1.4	Automobile Fleet Leasing and Fleet-Management Services	3140.0.2.1
Nonbank Banks	2090.7		
<i>BHC Supervision Manual</i>	July 2007		
Page 36			

Nonbanking Activities—continued		Nonbanking Activities—continued	
Banker's Acceptances	3240.0.7.1	Definition of a Finance	
Board Approval of an		Company	3170.0.3.2.1
Application Prior to		Delinquency	3070.0.5.4
Adding the Nonbank		Delivery	3230.0.10.2.3
Activity to Regulation Y	3230.0.2	Detailed Procedures for an	
Board Approval of FCM's		Office Visit	3100.0.4.4
Execution and Clearance		Discretionary Portfolio	
of Futures and Options		Management Services on	
on Futures on		Futures and Options on	
Nonfinancial		Futures on Financial	
Commodities	3251.0.5.2	Commodities	3251.0.11
Board Considerations Prior to		Discretionary Portfolio	
Regulation Y		Management Services on	
Amendment	3250.0.2	Futures and Options on	
Board's Determination That a		Futures on Nonfinancial	
BHC's Execution and		Commodities	3130.4.5
Clearance of Futures and		Disposition of Credit Life	
Options on Futures on		Insurance Income	3170.0.4.2
Nonfinancial		Due Bills	3240.0.6.2
Commodities Is Closely		EDP Servicing Company	3160.0
Related to Banking	3251.0.5.1	Earnings, Volume Trends and	
Brokerage Services, Forward		Prospects	3230.0.10.4
Contracts Based on		Electronic Data Interchange	
Certain Financial and		Services	3160.2.3
Nonfinancial Commodities	3251.0.13.2	Evaluation of the Company's	
Byproducts	3160.0.8	Condition	3100.0.4.13
Capital	3250.0.5.2.2	Evaluation of the Supervisory	
Certificates of Deposit	3240.0.7.2	Structure	3100.0.4.3
Classification	3070.0.5.4.1	Examination Checklists	3230.0.11
Clearance	3240.0.6.3	Excess Capacity	3160.0.7
Commodity and Index Swap		Exchange Membership	3250.0.5.2.1
Transactions as an		FCM and Related Advisory	
Originator, Principal,		Services for Options on	
Agent, Broker, or		Eurotop 100 Index	
Advisor	3251.0.8	Futures and the	
Commodity-Trading		One-Month Canadian	
Activities	3920.0.1	Banker's Acceptance	
Community Welfare Projects	3150.0	Futures	3251.0.6
Compliance	3100.0.4.6	FCM—Executing and	
Computer Output Microfilm		Clearing, and Clearing	
(COM) Activities	3160.0.5	without Executing,	
Conflicts of Interest	3230.0.10.3	Futures and Options on	
Consumer Finance	3100.0	Futures on Nonfinancial	
Courier Services	3190.0	Commodities	3251.0.5
Credit Analysis	3250.0.5.2.5	FCM Inspection Procedures	3250.0.10
Credit Department	3090.1.4.2	Factoring	3090.1
Custodial Services	3230.0.2.3	Financial Condition	3090.2.4.7
Custody and Movement of		Financing Customers'	
Securities	3240.0.13.3	Commodity Purchase	
Customer and Dealer		and Forward Sales	3610.1
Accounts	3240.0.13.5	Foreign Banking Organizations—	
DPC Assets	3090.2.4.6	See Nonbanking Activities	
Dealer Activities	3240.0.3, 3240.0.4	of Foreign Banking	
Dealer-Manager in Connection		Organizations.	
with Cash-Tender and			
Exchange-Offer			
Transactions	3600.21.5		

Nonbanking Activities—continued		Nonbanking	
Foreign Exchange Advisory and		Activities—continued	
Transactional Services	3130.4	Investment or Financial Advisers—continued	
Futures Advisory Services		Supervision and	
(Investment Advice)	3251.0.12	Organization	3130.1.3.2.2
Futures Commission		Leasing Personal or Real	
Merchant (FCM)	3250.0	Property	3140.0
Futures Commission		Leveraged Leases	3140.0.4
Merchant/Inspection		Limitations on Expansion of	
Questionnaire	3250.0.11	Grandfather Rights	3170.0.3.4.1
Government and Municipal		Limited Property Insurance	
Securities	3240.0.5	Related to an Extension	
Government Securities		of Credit (Finance Co.)	3180.0.2
Trading	3240.0.6	Liquidation	3100.0.4.10
Hardware and Software as an		Liquidity Facilities	
Integrated Package	3160.0.5	Supporting Asset-Backed	
History of Board Approvals		Commercial Paper	
of Underwriting and		Programs	4060.3.5.3.12
Dealing in Government		Loss Reserves	3100.0.4.11
Obligations and Money		Maintenance of Customer	
Market Instruments	3240.0.1	Securities Accounts	3230.0.2.2
Incidental Activities	3160.0.2	Management Consulting and	
Industrial Banking	3110.0	Counseling Services	3200.0
Inspection Objectives	3130.4.1.1, 3170.0.5,	Margin Credit Activities and	
	3180.0.5, 3250.0.9	Securities Brokerage	3230.0.3
Insurance Activities of Bank		Margin Lending	3230.0.2.1
Holding Companies	3170.0	Market Entry into Securities	
Insurance Activities		Brokerage	3230.0.5
Permissible for BHCs	3170.0.1	Materials Required for	
Insurance Activities Prior to 1971	3180.0.3	Inspection	3230.0.9
Insurance Agency Activities	3170.0.2	Mini-Computer Activities	3160.0.4
Insurance Claims		Money Market Trading	3240.0.7
Administration Services	3905.0	Money Orders, Savings	
Insurance Underwriters	3180.0	Bonds, and Travelers	
Internal Controls and Internal		Checks	3210.0
Audit	3250.0.7.5.2	Mortgage Banking	3070.0
Investment or Financial Advisers	3130.1	Network for the Processing	
Conflicts of Interest	3130.1.3.2.4	and Transmission of	
Inspection Findings	3130.1.4	Medical Payment Data	3160.1
Inspection Objectives	3130.1.2	Nonbanking Acquisitions Not	
Inspection Procedures	3130.1.3	Requiring Prior Board	
Laws, Regulations,		Approval	3110.0.1
Interpretations, and Orders	3130.1.6	Offsetting Resale and	
On-Site Inspection by Trust		Repurchase Transactions	3240.0.13.2
Examiner(s)	3130.1.5	On-Site Inspection—EDP	
Other Matters	3130.1.3.2.7	Servicing and	
Portfolio Management	3130.1.3.2.3	Transmission	3160.0.12.2
Recordkeeping	3130.1.3.2.5	On-Site Inspection by Trust	
Review of Fundamental		Examiner(s)	3130.1.5
Policies and		On-Site Inspections	3070.0.9,
Procedures	3130.1.3.2.1		3100.0.4.1, 3120.0.1
Scope of Inspection	3130.1.3.1	Operations	3230.0.10.2
Security Storage and		Organization and	
Processing	3130.1.3.2.6	Management	3230.0.10.1
		Other Lending Activities	3070.0
		Over-Advances and Other Loans	3090.2.4.4
		Packaged Financial Systems	3160.0.6

Nonbanking Activities—continued		Nonbanking	
Permissible Types of Coverage	3170.0.3	Activities—continued	
Policy Evaluation	3100.0.4.2	Title Abstracting—continued	
Policy Statement on Income		U.S.-Registered Aircraft	3600.30.2
from Sale of Credit Life		Trading for One's Own	
Insurance	3170.0.4.1	Account in Futures,	
Presentation of Classifications	3070.0.5.4.2	Options, and Options on	
Presentation of Findings	3230.0.10.6	Futures Contracts Based	
Primary Clearing Firm for a		on Certificates of Deposit	
Limited Number of		or Other Money Market	
Professional Floor		Instruments	3251.0.7
Traders	3251.0.13.1	Trading in Futures, Options,	
Prohibition Against Tie-In		and Options on Futures	
Arrangements	3070.0.7.4	Contracts Based on	
Property Insurance a Finance		Commodities or on	
Company May Sell	3170.0.3.2.2	Stock, Bond, or	
Purchase and Sales		Commodity Indices for	
Transactions	3240.0.13.4	One's Own Account	3251.0.9
Purpose of Inspection of		Transfer of Grandfather	
Securities Brokerage		Rights Among	
Activities	3230.0.6	Subsidiaries	3170.0.3.4.2
Purpose and Scope	3250.0.5.1	Traveler's Checks	3160.3
Ratio Analysis	3100.0.4.8	Trust Services	3120.0
Real Estate and Personal		Underwriting and Dealing in	
Property Appraising	3270.0	U.S. Government	
Real Estate Development		Obligations, Municipal	
Advisors for State and		Securities, and Money	
Local Governments	3130.1.1	Market Instruments	3240.0
Real Estate Owned	3070.0.4.7	Underwriting as Reinsurer	3180.0.4
Receivables	3090.0	Variably Denominated	
Recordkeeping	3230.0.10.2.4	Payment Instruments	
Relationship with Affiliated		with Unlimited Face	
Trust Departments	3230.0.10.3.1	Values	3210.1.4
Repurchase Agreements and		Volumetric-Production-Payment	
Securities Lending	3240.0.8	Transactions Involving	
Requirement of Separate		Physical Commodities	3610.2
Recordkeeping	3160.0.9	When-Issued Trading	3240.0.6.1
Review of Internal Controls	3240.0.13	Nonbanking Activities of	
Scope of Inspection	3230.0.8, 3240.0.10	Foreign Banking	
Section 4(c)(8) vs. Section		Organizations	3510.0
4(c)(1) of the BHC Act	3160.0.3	Exemptions from the BHC	
Securities Brokerage— <i>See</i>		Act	3510.0.2
Securities Brokerage.		Grandfather Rights	3510.0.3
Securities Underwriting		Laws, Regulations,	
Trading Policies	3240.0.13.1	Interpretations, and	
Servicing Loans	3080.0	Orders	3510.0.4
Settlement	3230.0.10.2.2	Permissible Activities and	
Short Sales	3240.0.6.4	Investments	3510.0.2
Stamps, postage	3160.3	Regulation K	3510.0.1
Stored-Value Card Services	3160.2.2	Nonbanking Subsidiaries	5000.7, 5010.31
Third-Party Administrator for		Nonbanks	
an Insurance Company	3905.0	Classifications	4030.1, 5000.7
Tickets, Gift Certificates,		Earnings	4030.2
Prepaid Telephone		Leverage	4030.3
Cards, and Other		Reserves	4030.4
Documents	3160.4		
Title Abstracting			
Real Estate	3600.30.1		

Nonbanks:		Nontraditional Loan Terms and	
Non-Credit-Extending	4040.0	Underwriting	
Earnings	4040.0.1	Standards—continued	
Risk Exposure	4040.0.2	Non-Owner-Occupied Investor	
Service Charters	4050.0	Loans	3070.3.1.8
Nondeposit Investment		Policies	3070.3.2.1
Products—Financial Institution		Portfolio and	
Subsidiary Retail Sales	2010.6	Risk-Management	
Adoption of Policies and		Practices	3070.3.2
Procedures	2010.6.1.2	Practices to Avoid	3070.3.3.4.3
Advertisements and Other		Promotional Materials and	
Arrangements with Third		Product Descriptions	3070.3.3.4.1
Parties	2010.6.1.2.2	Qualifying Borrowers for	
Compensation	2010.6.1.3.5	Non-Traditional Loans	3070.3.1.1
Compliance	2010.6.1.3.6	Recommended Practices	3070.3.3.3
Disclosures and Advertising	2010.6.1.3.1	Reduced Documentation	3070.3.1.4
General Guidelines	2010.6.1.3	Risk Layering	3070.3.1.3
Interagency Statement on		Secondary-Market Activity	3070.3.2.5
Retail Sales of		Simultaneous Second-Lien	
Nondeposit Investment		Loans	3070.3.1.5
Products	2010.6.1	Stress Testing	3070.3.2.7
Program Management	2010.6.1.2.1	Third-Party Originations	3070.3.2.4.1
Qualifications and Training	2010.6.1.3.3	Nonvoting Equity Investments	
Scope	2010.6.1.1	by BHCs	2090.4
Setting and Circumstances	2010.6.1.3.2	Provisions That Avoid Control	2090.4.3
Suitability and Sales Practices	2010.6.1.3.4	Review by the Board	2090.4.4
Supervision by Banking Agencies	2010.6.1.4	Review of Agreements	2090.4.2
Nonfinancial Futures Advice	3130.4.6.1	Statutory and Regulatory	
Non-Owner-Occupied		Provisions	2090.4.1
Investor Loans	3070.3.1.8	Note Issuance and Revolving	
Nonpublic Banking		Underwriting Credit Facilities	2220.3
Organizations,		Note Issuance Facility (NIF)	2220.3.1
Sarbanes-Oxley Act	2060.05.05	Pricing and Fees	2220.3.4
Nontraditional Loan Terms and		Revolving Underwriting	
Underwriting Standards	3070.3.1	Facility (RUF)	2220.3.2
Appendix (Terms Used in		Risk	2220.3.3
This Document)	3070.3.4	RUF Documents	2220.3.6
Capital and Allowance for		Standby RUFs	2220.3.5
Loan and Lease Losses	3070.3.2.8	Notification of Loss	2060.5.5
Collateral-Dependent Loans	3070.3.1.2	Numbering System	1030.0.2
Communications with		O	
Consumers	3070.3.3.4	Obtaining an Appraisal	2231.0.3
Concentrations	3070.3.2.2	Off-Balance-Sheet Activity	
Concerns and Objectives	3070.3.3.1	Considerations	4060.3.5.3
Consumer Protection Issues	3070.3.3	Offering Full Brokerage	
Control Systems	3070.3.3.5	Services for	
Controls	3070.3.2.3	Bank-Ineligible Securities	3230.3
Introductory Interest Rates	3070.3.1.6	Offsetting Resale and	
Legal Risks	3070.3.3.2	Repurchase Transactions	3240.0.13.2
Lending to Subprime		Off-Site Inspections, General	
Borrowers	3070.3.1.7	Procedures	5060.0.2.1, 5060.0.3.1
Management Information and		On-Site Inspection	2124.0.2.3, 2260.0.7.2,
Reporting	3070.3.2.6	3070.0.9, 3090.1.4.1, 3090.2.4.1,	3100.0.4.1, 3120.0.1, 3160.0.12.2,
Monthly Statements on		5060.0.2.2	
Payment-Option ARMs	3070.3.3.4.2		



On-Site Inspection by Trust Examiner(s)	3130.1.5	P	
Operating a Collection Agency	3330.0	Packaged Financial Systems	3160.0.6
Inspection Objectives	3330.0.1	Parent Only	
Inspection Procedures	3330.0.2	Acquisition Debt	4010.1.2
Laws, Regulations, Interpretations, and Orders	3330.0.3	Advances to Subsidiaries	4010.2.5
Operating a Credit Bureau	3340.0	Analysis of Underlying Sources to Fund Debt and to Meet Other Obligations	4010.2.4
Inspection Objectives	3340.0.1	Analyzing Funding Mismatches	4010.2.7
Inspection Procedures	3340.0.2	Cash Flow Statement	4010.0.2
Laws, Regulations, Interpretations, and Orders	3340.0.3	Debt Servicing Capacity—Cash Flow	4010.0
Operating a “Pool Reserve Plan”	3600.1	Employee Stock Ownership Plans (ESOPs)	4010.1.1
Operating Method of Accounting for Leases—Lessee	3140.0.3.1.1	Inspection Considerations (Leverage)	4010.1.2
Operating Method of Accounting for Leases—Lessor	3140.0.3.2.1	Inspection Objectives	4010.0.7, 4010.2.9
Operations	2150.0.3, 3230.0.10.2	Inspection Procedures	4010.0.8, 4010.2.10
Audits and Controls	3230.0.10.2.5	Interest-Bearing Deposits with Subsidiary Banks	4010.2.4.1
Delivery	3230.0.10.2.3	Leverage	4010.1
Execution	3230.0.10.2.1	Liquidity	4010.2
Recordkeeping	3230.0.10.2.4	Liquidity and Liabilities of the Parent	4010.2.6
Settlement	3230.0.10.2.2	Reporting the Results	4010.0.6
Option Contracts	2130.0.8	Reporting the Results of the Analysis	4010.2.8
Optional Inspection Report Pages	5010.1.3	Sources of Funds to Make Up Shortfalls	4010.0.5
Options on Securities, Brokering	3260.0.3.2	Specific Guidelines for Debt Servicing Capacity	4010.0.4
Organization and Management	3230.0.10.1	Statement of Parent Company Liquidity Position	4010.2.3
Other Supervisory Issues (FR 1241)	5020.2	Supervisory Approach to Analyzing Parent Company Liquidity	4010.2.2
Out-of-District Nonbank Subsidiaries, Classification of Assets	5000.0.7	Supervisory Determination as to Adequacy of Parent Company Cash Flow	4010.0.3
Over-Advances and Other Loans	3090.2.4.4	Parties Executing or Taking the Contra Side of a Financial Contract	2130.0.13.6
Overages—Mortgage Banking	3070.0.2.6	Payment Instruments, Issuing and Selling Variably Denominated Payment Instruments with Unlimited Face Values	3210.1.4
Overall Asset Quality	4060.3.5.4.3	Payment of Dividends by Bank Subsidiaries	2080.4.1
Overcollateralization	2150.0.2.4	Penalties for Errors in Reports	2250.0.1
Ownership of Shares in Any Nonbank Company			
Totaling 5 Percent or Less	3060.0		
Acquisition of Nonbank Interests—Royalties as Compensation	3060.0.1.2		
DPC Shares	3060.0.1.1		
Inspection Objectives	3060.0.3		
Inspection Procedures	3060.0.4		
Laws, Regulations, Interpretations, and Orders	3060.0.5		
Section 4(c)(6)	3060.0.1, 3060.0.3.1		
Section 4(c)(7)	3060.0.2		
		<i>BHC Supervision Manual</i>	July 2007
			Page 47

Pension Funding and Employee Stock Option Plans	2080.5	Permissible Types of Coverage Including Grandfather Privileges	3170.0.3
Employee Stock Ownership Plans (ESOPs)	2080.5.2	Section 225.28(b)(11) (i) of Regulation Y	3170.0.3.1
Fiduciary Standards Under ERISA (ESOPs)	2080.5.2.2	Section 225.28(b)(11) (ii) of Regulation Y	3170.0.3.2
Inspection Considerations	2080.5.4	Section 225.28(b)(11) (iii) of Regulation Y	3170.0.3.3
Status of ESOPs Under the BHC Act	2080.5.1 2080.5.3	Perpetual Preferred Stock	4060.3.6.2, 4060.3.2.1.1
Permissibility of Uninsured Annuity Sales	2175.0.2	Physical Commodity Trading Policies, Procedures, and Risk Limits	3920.0 4070.1.1.2
Permissible Activities and Investments	3510.0.2	Policy for Communicating Problems of Supervisory Concern to Management and Boards of Directors	5000.0.9
Permissible Activities by Board Order	3600.0	Criteria for Conducting Meetings	5000.0.9.2.1
Acting as a Sales Tax Refund Agent and Cashing U.S. Payroll Checks Drawn on Unaffiliated Banks	3600.24	Meetings with Directors	5000.0.9.2
Certification Authority for Digital Signatures	3600.7	Summary of Examination Findings	5000.0.9.3
Engaging in Commercial Banking Activities Through Branches of a Nonbank Delaware Company	3600.5.2	Policy Evaluation	3100.0.4.2
Financing Customers' Commodity Purchase and Forward Sales	3610.1	Policy for Frequency and Scope of Inspections for Bank Holding Companies	5000.0.2
Inspection Objectives	3600.0.1	Policy on Banks Providing Support to Advised Investment Funds	2178.0.1
Inspection Procedures	3600.0.2	Policy Statement on Cash Dividend Payments	2020.5.1
Loan Syndications, Interest Rate "Swap," Interest Rate		Policy Statement on Income from Sale of Credit Life Insurance	3170.0.4.1
New York Investment Company Operating a "Pool Reserve Plan"	3600.5.1 3600.1	Policy Statement (Joint); Interest-Rate Risk	2127.0
Securities Exchange	3600.6	Policy Statement on Investment Securities and End-User Derivatives	2128.02.6
Title Insurance Agency	3600.17.1	Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies	2020.5.1.1
Underwriting and Dealing in Commercial Paper to a Limited Extent	3600.21.1	Policy Statement on the Responsibility of BHCs to Act as Sources of Strength to Their Subsidiary Banks	2010.0.1
Underwriting and Dealing in Consumer-Receiveable-Related Securities	3600.21.3	Policy Statement on the Supervision and Regulation of Foreign Banking Organizations	2100.1.1
Underwriting and Dealing in, to a Limited Extent, Municipal Revenue Bonds, Mortgage-Related Securities and Commercial Paper	3600.21.2	Policy Summary	3240.0.9
Permissible Activities for FHCs	3905.0	Pooling Practices	3070.0.3.3
		Population of Second-Tiers Suitable for On-Site Inspection	5000.0.6.1

Portfolio Company		Private-Banking Functions and	
Definition of	3907.0.2.3.2	Activities—continued	
Depository Institutions		Bank Secrecy Act	2010.11.2.7.2
Prohibited from		Bill-Paying Services	2010.11.1.1.10
Managing or Operating		Compliance	2010.11.2.7
Portfolio Companies	3907.0.3.3	Credit	2010.11.1.1.4
FHC Routinely Managing or		Credit Underwriting	
Operating a Portfolio		Standards	2010.11.2.2.2
Company in Special		Custody—Detection of	
Circumstances	3907.0.3.2.2	“Free-Riding”	2010.11.2.4.6
Limits on Managing or		Custody Services	2010.11.1.1.7
Operating a Portfolio		Customer Due Diligence,	2010.11.2.2.1
Company Held as an		Deposit-Taking Activities of	
MBI	3907.0.3	Subsidiary Institutions	2010.11.1.1.2
Relationships Not		Fiduciary Standards	2010.11.2.3
Constituting Routine		First-Day Letter	2010.11.3.5
Management or		Full-Inspection Review	2010.11.5.2
Operation	3907.0.3.2	Functional Review	2010.11.2
Routine Management or		Funds Transfer—Tracking	
Operation Relationships	3907.0.3.1	Transaction Flows	2010.11.2.4.5
Portfolio Investment, Sound		Funds Transfer	2010.11.1.1.8
Risk-Management Practices		Hold Mail, No Mail, E-mail	
for	2126.1.0	Only	2010.11.1.1.9, 2010.11.2.4.4
Portfolio Management Services		Inactive and Dormant	
on Futures and Options on		Accounts	2010.11.2.4.2
Futures on Financial		Inspection Objectives	2010.11.4
Commodities	3251.0.11	Inspection Preparation	2010.11.3
Portfolio Management Services		Inspection Procedures	2010.11.5
on Futures and Options on		Inspection Staffing and Scope	2010.11.3.2
Futures on Nonfinancial		Investment Management	2010.11.1.1.3
Commodities	3130.4.5	Management Information	
Position Reports	3070.0.3.4.6	Systems	2010.11.2.5
Possible Consequences of		Office of Foreign Assets	
Holding Company		Control	2010.11.2.7.1
Formation	1020.0.2	Operational Controls	2010.11.2.4
Preferred Stock	2080.3.1	Overview of Private Banking	
Preparing Inspection Reports	2130.0.15	and its Associated	
Presentation of Classifications	3070.0.5.4.2	Activities	2010.11.1
Presentation of Findings	3230.0.10.6	Pass-Through Accounts and	
Relationship with Affiliated		Omnibus Accounts	2010.11.2.4.3
Trust Departments	3230.0.10.3.1, 3250.0.5.2.8	Payable-Through Accounts	2010.11.1.1.5
Pricing and Fees	2220.3.4, 3070.0.3.4.3	Personal Investment	
Primary Clearing Firm for a		Companies, Offshore	
Limited Number of		Trusts, and Personal	
Professional Floor Traders	3251.0.13.1	Trust and Estates	2010.11.1.1.6
Primary Supervisory and		Pre-inspection Procedures and	
Coordination		Review	2010.11.3.1, 2010.11.5.1
Responsibility	5000.0.8.3.1	Private-Banking Functions	
Prime Quality	2080.1.1.2	and Activities	2010.11
Printing and Selling Checks and		Products and Services	2010.11.1.1
Related Documents That		Reflection of Organizational	
Require MICR-Encoded		Structure	2010.11.3.3
Information for Depository		Risk Management	2010.11.2.2
Institutions	3165.1	Risk-Focused Approach	2010.11.3.4
Private-Banking Functions and		Segregation of Duties	2010.11.2.4.1
Activities	2010.11		
Audit	2010.11.2.6		

Private-Banking Functions and Activities—continued		Procedures for Inspection Report Preparation—continued	
Supervision and Organization	2010.11.2.1	Item 3. Funds Management and the Adequacy of Existing Policies	5010.14.1.3
Token Name Accounts	2010.11.1.1.1	Item 4. Loan Participations Among Subsidiaries	5010.14.1.4
Private Equity Funds	3907.0.5	Item 5. Dividends and Fees From Subsidiaries	5010.14.1.5
Definition of Private Equity Fund	3907.0.5.1.1	Item 6. Risk Evaluation and Control	5010.14.1.6
Funds Not Qualifying as Private Equity Funds	3907.0.5.1.4.1	Item 7. Management Information Systems	5010.14.1.7
Other Matters Related to Private Equity Funds	3907.0.5.1.4	Item 8. Internal Loan Review	5010.14.1.8
Permissible Holding Period for Private Equity Fund Investments	3907.0.5.1.2	Litigation	5010.35.6
Routine Management and Operation Restrictions for Private Equity Funds	3907.0.5.1.3	Page—Bank Subsidiaries	5010.30
Private Ownership Industrial Development Bonds	3600.21.6	Page—Capital Structure (Consolidated)	5010.13
Procedures for Determining Control	2090.0.5	Page—Cash Flow Statement (Parent)	5010.27
Procedures for Inspection Report Preparation	5010.0	Page—Classified Assets and Capital Ratios of Subsidiary Banks	5010.17
Appraisal of Securities in Bank Examinations	5010.10.2	Page—Commercial Paper	5010.21
Classification of Assets	5010.10.1	Page—Commercial Paper and Lines of Credit	5010.23
Confidential Page		Page—Comparative Statement of Income and Expenses (Consolidated)	5010.12
A—Principal Officers and Directors	5010.40	Page—Comparative Statement of Income and Expenses (Parent)	5010.9
Confidential Page B—Condition of BHC	5010.41	Page—Consolidated Comparative Balance Sheet	5010.11
Confidential Page D—Administrative Matters	5010.43	Page—Contingent Liabilities and Schedule of Balance Sheet Accounts Not Detailed Elsewhere (Parent)	5010.24
Core Page 1—Examiner’s Comments	5010.4	Page—Extensions of Credit to BHC Officials	5010.36
Core Page 2—Scope of Inspection Cover	5010.5	Page—Fidelity and Other Indemnity Insurance	5010.33
Discussion and Appraisal of Other Parent Company Policies	5010.14.2	Page—History and Structure	5010.19
General Instructions to FR 1225	5010.1	Page—Income from Subsidiaries (Interim)	5010.26
Inspection Report References	5010.0	Page—Investment in and Advances to Subsidiaries	5010.20
Intercompany Transactions	5010.35.1	Page—Lines of Credit	5010.22
Internal Auditor	5010.34	Page—Nonbank Assets Subject to Classification	5010.29
Investment in and Advances to Subsidiaries	5010.20	Page—Nonbank Subsidiary	5010.27
Item 1. Level of Control and Supervision Exercised over Subsidiaries	5010.14.1.1	Page—Nonbank Subsidiary Financial Statements	5010.32
Item 2. Loans and Investments of Subsidiaries	5010.14.1.2	Page—Organization Chart	5010.18
		Page—Other Matters	5010.16
		Page—Other Supervisory Issues	5010.35

Procedures for Inspection Report Preparation—continued		R	
Page—Parent Company Assets Subject to Classification	5010.29	Rating Assignments	
Page—Parent Company Comparative Balance Sheet	5010.8	Complex and Noncomplex Holding Companies with Total Consolidated Assets of Less Than \$1 Billion	5000.0.4.6
Page—Parent Company Liquidity Position	5010.28	Complex Holding Companies	5000.0.4.6.1
Page—Policies and Supervision	5010.14	Noncomplex Holding Companies	5000.0.4.6.2
Page—Statement of Changes in Stockholders' Equity (Parent)	5010.25	Rating Assignments for Holding Companies with Total Consolidated Assets of Between \$1 and \$5 Billion	5000.0.4.6.3
Page—Summary of Consolidated Classified and Special Mention Assets, and OTRP	5010.10	Rating the Adequacy of Risk-Management Processes and Internal Controls of Bank Holding Companies	4070.1
Page i—Table of Contents	5010.3	Active Board and Senior Management Oversight	4070.1.1.1
Page—Unaffiliated Borrowings	5010.42	Adequate Internal Controls	4070.1.1.4
Page—Violations	5010.15	Adequate Policies, Procedures, and Limits	4070.1.1.2
Supervisory Reports	5010.35.10	Adequate Risk Monitoring and Management Information Systems	4070.1.1.3
Process for Handling Significant Differences Between the Agencies in Findings, Conclusions and Recommendations	5000.0.8.3.6	Elements of Risk Management	4070.1.1
Production Activities	3070.0.2	Rating Definitions	4070.0.4, 4070.1.2
Production Risks, Loans	3070.0.2.5	Reporting Conclusions	4070.1.3
Profitability	2260.0.4	Ratings of Bonds, Preferred Stock, and Commercial Paper	3700.7
Property Insurance a Finance Company May Sell	3170.0.3.2.2	Ratings, BHC RFI/C(D)	4070.0
Property Management	3700.5	Ratings, Disclosure of Numeric Composite and Component	4070.5
Public Hearings	2110.0.2.9	Ratio Analysis	3100.0.4.8
Purchase and Sale of Loans Guaranteed by the U.S. Government	2170.0	Readdressed Real Estate Appraisals	2231.0.17
Recommendations for Originating and Selling Institutions	2170.0.2	Real Estate Appraisals and Evaluations— <i>See</i> Appraisals and Evaluations, Real Estate.	
Recommendations for Purchasing Institutions	2170.0.3	Real Estate and Personal Property Appraising	3270.0
Purchase and Sales Transactions	3240.0.13.4	Scope of Inspection	3270.0.1
Q		Appraiser's Qualifications	3270.0.3
Qualifications Criteria for Appraisers and Evaluations	2231.0.9	Key Components of a Personal Property Appraisal	3270.0.4
Qualifications of Individuals Who Can Perform Evaluations	2231.0.9.5	Appraisal of Construction and Construction Analysis	3270.0.5
Qualified Family Partnerships	2090.0.5	Inspection Procedures	3270.0.7
Quality Control	3070.0.1.5.4		
Questionnaire (Internal Controls), Appraisals and Evaluations	2231.0.14		
		<i>BHC Supervision Manual</i>	July 2007
			Page 45

Real Estate Brokerage and Syndication	3700.3	Regulation O—continued	
Brokerage	3700.3.1	BHC Official and Related Interest	
Syndication	3700.3.2	Transactions between Parent Company or Its Nonbank Subsidiaries	2050.0.1
Real Estate Development		Civil Penalties of Regulation O	2050.0.3.9
Advisors for State and Local Governments	3130.1.1	Definitions in Regulation O	2050.0.3.2
Inspection Objectives	3130.1.2	Disclosure of Credit from Member Banks to Executive Officers and Principal Shareholders	2050.0.3.8
Inspection Procedures	3130.1.3	Extensions of Credit	
Laws, Regulations, Interpretations, and Orders	3130.1.6	Outstanding on March 10, 1979	2050.0.3.5
Real Estate Owned (REO)	3070.0.4	FDICIA and BHC Inspection Guidance for Regulation O	2050.0.3.1
Real Estate Owned	3070.0.4.7	General Prohibitions and Limitations of Regulation O	2050.0.3.3
Real Estate Settlement Services	3072.8	Grandfathering Provisions	2050.0.3.5
Real Property Exchange Transactions Under Section 1031 of the U.S. Internal Revenue Code	3072.8.1	Purpose of Regulation O	2050.0.3.1
Real Estate Title Abstracting	3600.30	Records of Member Banks (and BHCs)	2050.0.3.10
Reappraisals and Revaluations	2231.0.14.6	Report on Credit to Executive Officers	2050.0.3.7
Rebuttable Presumptions of Control	2090.0.4	Reports by Executive Officers	2050.0.3.6
Receivables	3090.0	Section 23A Ramifications	2050.0.3.11
Reciprocal Holdings of Banking Organizations' Capital Instruments	4060.3.5.1.2	Regulation T, "Credit by Brokers and Dealers" and Regulation K, "Borrowers of Securities Credit"	2187.0.2.2
Recognition and Control of Exposure to Risk	2160.0	Regulation U, "Credit Issued by Banks for the Purpose of Carrying Margin Stocks"	2187.0.2
Inspection Objectives	2160.0.3	Regulatory Guidance	3070.0.10
Inspection Procedures	2160.0.4	Regulatory Response to the Holding Company	1020.0.3
Risk Control	2160.0.2	REIT Advisers	3130.3.1
Risk Evaluation	2160.0.1	Inspection Objectives	3130.2.1
Recommendations for Originating and Selling Institutions	2170.0.2	Inspection Procedures	3130.2.2
Recommendations for Purchasing Institutions	2170.0.3	Removal, Suspension, or Debarment of Accountants	2110.0.4
Recordkeeping	2140.0.3.1, 3230.0.10.2.4	Replacement of an Institution's Chief Executive Officer or Any Director	2090.1.8
Recordkeeping for Insiders of the Member Bank Affiliates	2050.0.3.10.1	Report for U.S. Branches and Agencies of Foreign Banks (FFIEC 019)	4090.0.1.3
Records of Member Banks (and BHCs)	2050.0.3.10	Report on Credit to Executive Officers	2050.0.3.7
Records and Statements	2060.3	Reporting	2060.4
Inspection Objectives	2060.3.1	Inspection Objectives	2060.4.1
Inspection Procedures	2060.3.2	Inspection Procedures	2060.4.2
Recourse Obligations	3070.0.4.5	Laws, Regulations, Interpretations, and Orders	2060.4.3, 2100.2.5.2
Regulation of Dealer Activities	3240.0.3	Reporting, Trading Activities	2125.0.2.3
Regulation K	3510.0.1	Reports by Executive Officers	2050.0.3.6
Regulation O	2050.0.3.2		
Additional Restrictions on Loans to Executive Officers of Member Banks	2050.0.3.4		
Bank-Owned Credit Card, Insider Use of	2050.0.3.2.2		

Repurchase Agreements		Retail Sales of Nondeposit Investment	
Production Risks, Loans	3070.0.2.5	Products by a Financial Institution	
Production Activities	3070.0.2	Subsidiary—Interagency Policy	
Repurchase Agreements and		Statement—continued	
Securities Lending	3240.0.8	Scope	2010.6.1.1
Repurchase Transactions		Setting and Circumstances	2010.6.1.3.2
Confirmations	2150.0.2.1	Suitability and Sales Practices	2010.6.1.3.4
Control of Securities	2150.0.2.2	Supervision by Banking	
Credit Policy Guidelines	2150.0.1	Agencies	2010.6.1.4
Dealings with Unregulated		Retail Sales of Nondeposit	
Securities Dealers	2150.0.1.1	Investment Products—	
Guidelines for Controlling		Supplementary	
Repurchase Agreement		Supervisory and	
Collateral	2150.0.2	Examination Guidance	2010.6.2
Margin Requirements	2150.0.2.3	Advertising	2010.6.2.2.2
Operations	2150.0.3	Arrangements with Third	
Overcollateralization	2150.0.2.4	Parties	2010.6.2.1.4
Reserves	3070.0.5.4.3, 4030.4	Audit	2010.6.2.8
Responsible Reserve Bank		Compensation	2010.6.2.6
(RRB)	2124.01.2.1	Compliance	2010.6.2.7
RRB Defined	2124.01.2.2.1	Contingency Planning	2010.6.2.1.5
RRB Duties	2124.01.2.2.2	Customer Complaints	2010.6.2.5.3
Sharing of RRB Duties	2124.01.2.2.3	Designation, Training, and	
RRBs Working with Local		Supervision of Sales	
Reserve Banks	2124.01.2.2	Personnel and Personnel	
Retail-Credit Classification and		Making Referrals	2010.6.2.4
Account-Management		Disclosure—Content, Form,	
Policy	2241.0.1	and Timing of	2010.6.2.2.1
Depository Institution		Disclosures, Additional	2010.6.2.2.3
Examination		Disclosures and Advertising	2010.6.2.2
Considerations	2241.0.1.4	Hiring and Training of Sales	
Other Considerations for		Personnel	2010.6.2.4.1
Classification	2241.0.1.1	Hybrid Instruments and	
Partial Payments on		Accounts	2010.6.2.3.2
Open-End and		Inspection/Examination	
Closed-End Credit	2241.0.1.2	Objectives	2010.6.3
Re-aging, Extensions,		Inspection/Examination	
Deferrals, Renewals, or		Procedures	2010.6.4
Rewrites	2241.0.1.3	Permissible Use of Customer	
Retail Sales of Nondeposit		Information	2010.6.2.1.3
Investment Products by a		Personnel, Supervision of	2010.6.2.4.3
Financial Institution		Physical Separation from	
Subsidiary—Interagency		Deposit Activities	2010.6.2.3.1
Policy Statement	2010.6.1	Program Management	2010.6.2.1
Adoption of Policies and		Sales Practices	2010.6.2.5.2
Procedures	2010.6.1.2	Scope of the Procedures	2010.6.4.1
Arrangements with Third		Setting and Circumstances	2010.6.2.3
Parties	2010.6.1.2.2	Suitability and Sales Practices	2010.6.2.5
Compensation	2010.6.1.3.5	Suitability of	
Compliance	2010.6.1.3.6	Recommendations	2010.6.2.5.1
Disclosures and Advertising	2010.6.1.3.1	Training of Bank Personnel	
General Guidelines	2010.6.1.3	Who Make Referrals	2010.6.2.4.2
Joint Interpretations on Retail		Types of Products Sold	2010.6.2.1.1
Sales of Nondeposit		Use of Identical or Similar	
Investment Products	2010.6.2.9,	Names	2010.6.2.1.2
	2010.6.2.9.2		
Program Management	2010.6.1.2.1		
Qualifications and Training	2010.6.1.3.3		

Retention and Expansion of Activities	2030.0	Risk-Based Capital Treatment, Unrated Direct-Credit Substitutes Issued in Connection with	
Activities and Securities of New BHCs	2030.0.2	Asset-Backed Commercial Paper Programs	4060.8
Divestitures	2030.0.6	ABCP Program Monitored by Rating Agencies—	
Expansion of Grandfather Activities	2030.0.5, 2030.0.10	Step Four	4060.8.4.5
Indefinite Grandfather Privileges	2030.0.1	Acceptable Internal Risk-Rating Systems—	
Inspection Objectives	2030.0.7	Step One	4060.8.4.2
Inspection Procedures	2030.0.8	Appendix A—Overview of ABCP Programs	4060.8.6
Laws, Regulations, Interpretations, and Orders	2030.0.9	Appendix B—Credit Approval Memorandum	4060.8.7
Successor Rights	2030.0.4	Concentrations of Non-Investment Grade Seller/Service	4060.8.2.8
Retention of Earnings	2080.4	Consistency of Internal Ratings of ABCP Program's	
Net Profits Test	2080.4.1.1	Exposures with Ratings Issued by the Rating Agencies—	
Payment of Dividends by Bank Subsidiaries	2080.4.1	Step Six	4060.8.4.7
Undivided Profits Test	2080.4.1.2	Decision Tree	4060.8.3
Revaluation Reserves	4060.3.5.1.4	Defined Benefit Pension and Other Postretirement Plans, Accounting for	4060.3.5.4.7
Revenue Generation—Mortgage Banking	3070.0.4.1	Determination of Whether the Program-Wide Credit Enhancements Are in First-Loss Position—	
Review and Monitoring of Intangible Assets	4060.3.5.1.1	Step Seven	4060.8.4.9
Review of Internal Controls	3240.0.13	Determine Adequacy of Internal Ratings Systems	4060.8.4.8
Custody and Movement of Securities	3240.0.13.3	First-Loss Position for Program-Wide Credit Enhancement	4060.8.2.7
Customer and Dealer Accounts	3240.0.13.5	Inspection Objectives	4060.8.2
Offsetting Resale and Repurchase Transactions	3240.0.13.2	Inspection Procedures	4060.8.4
Other	3240.0.13.6	Inspection Process, Organizing the	4060.8.4.1
Purchase and Sales Transactions	3240.0.13.4	Internal Control Questionnaire	4060.8.5
Securities Underwriting Trading Policies	3240.0.13.1	Internal Rating Consistency with Ratings Issued by the Rating Agencies	4060.8.2.6
Reviewing Financial Contract Positions	2130.0.13.2	Internal Rating Systems, Assessment of	4060.8.1
Revolving Underwriting Facility (RUF)	2220.3.2	Internal Risk-Rating System for ABCP Securitization	
RFI/C(D), BHC Rating System	4070.0	Exposures	4060.8.2.2
Risk	2220.3.3	Internal Risk-Rating System	4060.8.2.1
Risk-Based Capital Provisions Affecting Asset Securitization	2128.02.7	Internally Rated Exposures	4060.8.2.3
Risk-Based Capital Treatment of Credit Supported and Asset-Backed Commercial Paper Programs	2128.03.3	Monitoring of ABCP Programs by Rating Agencies	4060.8.2.4



Risk-Based Capital Treatment, Unrated		Risk-Based Measure—	
Direct-Credit Substitutes Issued in		Examiners' Guidelines for	
Connection with Asset-Backed		Assessing the Capital Adequacy	
Commercial Paper		of Bank	
Programs—continued		Holding Companies—continued	
Portion of Underlying Assets of the		Common Stockholders' Equity	4060.3.2.1.1
ABCP Program Structured to		Common Stock Repurchases	
Investment Grade Risk—Step		and Dividend Increases	
Nine	4060.8.4.11	on Common Stock	4060.3.8
Relevant Internally Rated		Considerations in the Overall	
Exposures—Step Three	4060.8.4.4	Assessment of Capital	
Risk Levels Posed by		Adequacy	4060.3.5.4
Concentrations of		Contracts (Derivatives—	
Non-Investment Grade		Interest-Rate,	
Seller/Service—		Exchange-Rate, and	
Step Eight	4060.8.4.10	Commodity)	4060.3.5.3.13
Sufficient Underwriting		Credit Derivatives	4060.3.5.3.17
Standards and		Credit Derivatives Used as	
Management		Synthetic CLOs	4060.3.5.3.18
Oversight—Step Five	4060.8.4.6	Deferred Tax Assets	4060.3.5.1.3
Underlying Assets of the		Definitions, Asset	
ABCP Program		Securitization	4060.3.5.3.2
Structured to		Difference in Application of	
Investment-Grade Risk	4060.8.2.9	the Risk-Based Capital	
Underwriting Standards and		Guidelines to Banking	
Management Oversight	4060.8.2.5	Organizations	4060.3.6
Use of an Established Internal		Difference in Treatment of	
Risk-Rating System		Perpetual Preferred Stock	4060.3.6.1
Tailored to ABCP		Documentation	4060.3.4
Securitization		Equity Accounts of	
Exposures—Step Two	4060.8.4.3	Consolidated	
Risk-Based Measure—		Subsidiaries, Minority	
Examiners' Guidelines for		Interest in	4060.3.2.1.1
Assessing the Capital		Exclusion of Asset-Backed	
Adequacy of Bank		Commercial Paper	
Holding Companies	4060.3	(ABCP) Program Assets	2128.03
Asset-Backed Commercial		Asset-Quality Test	2128.03.3.3
Paper Program Assets		Liquidity Facilities	
and Related Minority		Supporting ABCP	2128.03.3.1
Interests	4060.3.5.3.12	Market Risk Capital	
Assets Sold with Recourse	4060.3.5.3.1	Requirements for	
Capital, Definition of	4060.3.2.1	ABCP Programs	2128.03.3.4
Cash Redemption of Perpetual		Overlapping Exposures to	
Preferred Stock	4060.3.7	an ABCP Program	2128.03.3.2
Certain		Federal Reserve's Supervisory	
Balance-Sheet-Activity		Position on Cash	
Considerations	4060.3.5.2	Redemption of Tier 1	
Certain		Preferred Stock	4060.3.7.1
Off-Balance-Sheet-Activity		Implementation	4060.3.3
Considerations	4060.3.5.3	Ineligible Collateral and	
Certain Other Types of		Guarantees	4060.3.5.4.2
Off-Balance-Sheet Items		Inspection Objectives	4060.3.10
and Transactions	4060.3.5.3.8	Inspection Procedures	4060.3.11
Claims on, and Claims		Intangible Assets That May	
Guaranteed by, OECD		Be Included in Capital	4060.3.5.1.1.1
Central Governments	4060.3.5.4.6		
Commitments	4060.3.5.3.11		

Risk-Based Measure— Examiners' Guidelines for Assessing the Capital Adequacy of Bank Holding Companies—continued		Risk-Based Measure— Examiners' Guidelines for Assessing the Capital Adequacy of Bank Holding Companies—continued	
Interest-Rate Risk	4060.3.5.4.5	Small-Business Loans and Leases on Personal Property Transferred with Recourse	4060.3.5.3.9
Investment in Shares of a Mutual Fund	4060.3.5.2.1	Standby Letters of Credit, Financial and Performance	4060.3.5.3.16
Investments in and Advances to Unconsolidated Banking and Finance Subsidiaries	4060.3.5.1	Supervisory Considerations for Calculating and Evaluating Risk-Based Capital	4060.3.5
Laws, Regulations, Interpretations, and Orders	4060.3.12	Treatment of Assets Sold with Recourse	4060.3.5.3.1
Loans Secured by First Liens on 1–4 Family Residential Properties	4060.3.5.2.3	Treatment of Commodity and Equity Contracts	4060.3.5.3.13
Mandatory Convertible Debt Securities and Perpetual Debt	4060.3.9	Trust Preferred Securities, Qualifying	4060.3.2.1.1
Mortgage-Backed Securities	4060.3.5.2.2	Trust Preferred Securities Mandatorily Convertible Into Noncumulative Perpetual Preferred Securities	4060.3.9.1
Mortgage-Servicing Assets	3070.0.6	Unrealized Asset Values	4060.3.5.4.1
Netting of Swaps and Similar Contracts	4060.3.5.3.15	Unrated Positions	4060.3.5.3.6
Nonfinancial Equity Investments	4060.3.5.1.4	Risk Control	2125.0.2.2, 2160.0.2
Overall Asset Quality	4060.3.5.4.3	Risk and Capital Adequacy Management of the Exposures Arising From Secondary-Market Credit Activities	2129.05
Perpetual Debt and Mandatory Convertible Debt	4060.3.9	Asset Securitization Structures	2129.05.1.4
Perpetual Preferred Stock	4060.3.6.2	Board Of Directors and Senior Management Responsibilities	2129.05.4.1
Ratings-Based Approach, Externally Rated Positions	4060.3.5.3.4	Capital Adequacy	2129.05.6
Reciprocal Holdings of Banking Organizations' Capital Instruments	4060.3.5.1.2	Credit Derivatives	2129.05.1.2
Recourse Obligations, Direct-Credit Substitutes, Residual Interests, and Asset- and Mortgage-Backed Securities	4060.3.5.3.3	Credit Risks in Secondary-Market Credit Activities	2129.05.1
Residual Interests	4060.3.5.3.5	Direct Credit Substitutes	2129.05.1.3.2
Revaluation Reserves	4060.3.5.1.5	Inspection Objectives	2129.05.7
Review and Monitoring of Intangible Assets	4060.3.5.1.1	Inspection Procedures	2129.05.8
Risk-Weighting of On- and Off-Balance-Sheet Items	4060.3.2.2	Liquidity Facilities	2129.05.1.3.3
Securities Lent	4060.3.5.3.10	Liquidity Risks	2129.05.3
Securities, Mandatory Convertible Debt and Perpetual Debt	4060.3.9	Loan Syndications	2129.05.1.1
		Management Information and Risk-Measurement Systems	2129.05.4.2
		Recourse Obligations	2129.05.1.3.1
		Recourse Obligations, Direct Credit Substitutes, and Liquidity Facilities	2129.05.1.3
		Reputational Risks	2129.05.2

Risk and Capital Adequacy		Risk-Focused Supervision Framework	
Management of the Exposures		for Large, Complex Banking	
Arising From Secondary-Market		Organizations—continued	
Credit Activities—continued		Planning and Scheduling	
Secondary-Market Credit Activities,		Supervisory Activities	2124.01.7
Incorporating the Risks Into		Inspection/Examination	
Risk Management	2129.05.4	Program Preparation	2127.01.7.2
Stress Testing	2129.05.5	Duties of RRB	2124.01.2.2.2
System of Internal Controls	2129.05.4.3	RRB Defined	2124.01.2.2.1
Risk Evaluation	2124.0.2.1, 2160.0.1	Sharing of RRB Duties	2124.01.2.2.3
Risk Exposure	4040.0.2	Supervisory Plan	
Risk Exposure Report (FFIEC 009)	4090.0.1.1	Preparation	2124.01.7.1
Risk-Focused Supervision		Risk-Focused Inspection	
Framework for Large,		Approach for Large,	
Complex Banking		Complex Banking	
Organizations	2124.01	Organizations	2124.01.1
Assessing the Institution's		Banking Organizations	
Risks	2124.01.6	Covered by the	
Information Technology		Framework	2124.01.1.3
Systems, Adequacy of	2124.01.6.1.3	Edge Act Corporations	2124.01.1.3.3
Internal Risk Management		Foreign Institutions	2124.01.1.3.1
Evaluation	2124.01.6.1.1	Key Elements of the	
Risk Environment		Risk-Focused	
Assessment	2124.01.6.1	Framework	2124.01.1.2
Consumer Compliance Risk		Nonbank Subsidiaries of	
Assessment,		Domestic Institutions	2124.01.1.3.2
Incorporation of	2124.01.6.1.2	Risk-Focused Supervisory	
Coordination of Supervisory		Objectives	2124.01.1.1
Activities	2124.01.2	Specialty Areas Covered by	
Central Point of Contact	2124.01.2.3	the Framework	2124.01.1.4.4
Coordination with Other		Risk-Matrix Preparation	2124.01.6.2
Supervisors	2124.01.2.5	Composite-Risk	
Local Reserve Banks,		Assessment of	
Responsible Reserve		Significant Activities	2124.01.6.2.4
Banks (RRBs)		Identification of Significant	
Working with	2124.01.2.2	Activities	2124.01.6.2.1
Responsible Reserve Bank	2124.01.2.1	Overall-Composite-Risk	
Supervisory Information		Assessment	2124.01.6.2.5
Sharing	2124.01.2.4	Risk-Assessment	
Defining		Preparation	2124.01.6.2.6
Inspection/Examination		Risk-Management-Adequacy	
Activities	2124.01.8	Assessment for	
Entry Letter	2124.01.8.2	Significant Activities	2124.01.6.2.3
Scope Memorandum	2124.01.8.1	Type and Level of Inherent	
Functional Approach and		Risk of Significant	
Targeted Inspections	2124.01.3	Activities	2124.01.6.2.2
Institutional Overview,		Risk-Focused	
Preparation of	2124.01.5.2	Safety-and-Soundness	
Process and Products,		Inspection	2124.0
Overview of	2124.01.4	Communication of	
Sources of Information	2124.01.5.1	Supervisory Findings	2124.0.2.8
Understanding the		Audit Function,	
Institution	2124.01.5	Evaluations	2124.0.2.4
Minimum Documentation		Compliance with Laws and	
Requirements	2124.0.10	Regulations	2124.0.2.6
Performing Inspection or			
Examination Procedures	2124.01.9		

Risk-Focused Safety-and-Soundness Inspection—continued		Risk Measurement, Monitoring Systems, and Management Review	4060.7.8.1
Documentation of Supervisory Findings	2124.0.2.7	Risk Measurement Systems	2125.0.2.1
Inspection Objectives	2124.0.3	Risk Monitoring and Management Information Systems	4070.1.1.3
Inspection Procedures	2124.0.4	Risk-Rating Definitions	4070.1.2
On-Site Procedures	2124.0.2.3	Risk-Rating Leveraged-Financed Loans	2010.2.3.1.5
Preparation of a Scope Memorandum	2124.0.2.2	Risk-Weighting of On- and Off-Balance-Sheet Items	4060.3.2.2
Risk Assessment	2124.0.2.1	Risks—Operational, Legal, and Business Practices	2125.0.2.5.4
Risk-Focused Inspections	2124.0.2	Riskless-Principal Transactions	3230.4.4.2, 3230.4.4.3, 3230.4.4.4, 3230.4.4.5
Risk-Management Process, Evaluating	2124.0.2.5	RUF Documents	2220.3.6
Transaction Testing, Full-Scope Inspections	2124.0.1	S	
Risk-Focused Supervision, Ongoing Program for Large, Complex Banking Organizations	2124.04	Safe Deposit Business	3020.0.3
Continued Understanding of an LCBO and its Major Risks	2124.04.1	Sale and Transfer of Assets	2020.3
Design and Execution of a Current Supervisory Plan	2124.04.2	Inspection Objectives	2020.3.1
Effective Communication and Coordination of Supervisory Activities in Developing and Administering a Supervisory Plan	2124.04.3	Inspection Procedures	2020.3.2
Enhanced Utilization of Information Technology	2124.04.3.2	Sale of Credit-Related Insurance by Finance Company Subsidiaries	3170.0.3.2
Federal Reserve Supervisory Team Organization	2124.04.4	Sale of Level-Term Life Insurance	3700.2.3
Risk, Liquidity	2125.0.2.5.3	Sale of Uninsured Annuities	2175.0
Risk Management Functions	2125.0.1.3, 4070.1.1	Sales of Insurance Regulation, Consumer Protection	3950.11.2
Risk Management of Leveraged-Finance Loans	2010.2.3.1.1	Sales to Institutional Investors	2080.1.1.4
Risk Management Process	2125.0.2	Sarbanes-Oxley Act, Applicability for Nonpublic Banking Organizations	2060.05.05
Risk Management Process, Management Review and Evaluation of	2125.0.2.4	Savings Bank Subsidiaries of BHCs Engaging in Nonbanking Activities	3001.0
Risk Management Process, Oversight of the	2125.0.1	SEC Auditor Independence Requirements	2060.05.3.1
Risk-Management Rating	4070.0.2.2.1, 4070.0.2.2	SEC and Federal Reserve Sanctions and Enforcement Actions	2187.0.5
Risk Management Responsibilities of Senior Management	2125.0.1.1	Second-Tier Shell BHCs	5000.0.6.4
Risk, Managing Specific	2125.0.2.5	Section 2(c) of the BHC Act	
Risk, Market	2125.0.2.5.2	Credit Card Bank Exemption	3005.0
Risk Matrix	2124.01.6.2	Savings Bank Subsidiaries of BHCs	3001.0
		Section 4(c)(1) of the BHC Act	
		Furnishing Services to Banking Subsidiaries	3020.0.4
		Furnishing Services to Nonbank Subsidiaries	3020.0.5
		Inspection Objective	3020.0.7
		Inspection Procedures	3020.0.8

Section 4(c)(1) of the BHC Act—continued		Section 4(c)(5) of the BHC Act—continued	
Investment in Companies Whose Activities Are Incidental to Banking	3020.0	Laws, Regulations, Interpretations, and Orders	3050.0.5
Laws, Regulations, Interpretations, and Orders	3020.0.9	Limitations	3050.0.2
Liquidating Assets	3020.0.6	Section 4(c)(6) and (7) of the BHC Act	
Providing Banking Quarters	3020.0.2	Acquisition of Nonbank Interests—	
Safe Deposit Business	3020.0.3	Royalties as Compensation	3060.0.1.2
Section 4(c)(1)(A)—Bank Premises	3020.0.8.1	DPC Shares	3060.0.1.1
Section 4(c)(1)(B)—Safe Deposit Business	3020.0.8.2	Inspection Objectives	3060.0.3
Section 4(c)(1)(C)—Services	3020.0.8.3	Inspection Procedures	3060.0.4
Section 4(c)(1)(D)—Liquidating Subsidiary	3020.0.8.4	Laws, Regulations, Interpretations, and Orders	3060.0.5
Section 4(c)(2) and (3) of the BHC Act		Ownership of Shares in Any Nonbank Company	
Acquisition of Shares in Satisfaction of Debts Previously Contracted and Acquisition of Shares or Real Estate From Subsidiaries	3030.0	Totaling 5 Percent or Less	3060.0
Exemption to Section 4(c)(2) Disposition		Section 4(c)(8) of the BHC Act— <i>See</i> Nonbanking Activities.	
Requirements of DPC Shares	3030.0.1	Section 4(c)(9) of the BHC Act	
Inspection Objectives	3030.0.2	Exemptions from the BHC Act	3510.0.2
Inspection Procedures	3030.0.3	Grandfather Rights	3510.0.3
Laws, Regulations, Interpretations, and Orders	3030.0.4	Laws, Regulations, Interpretations, and Orders	3510.0.4
Section 4(c)(4) of the BHC Act—Interests in Nonbanking Organizations		Nonbanking Activities of Foreign Banking Organizations	3510.0
Foreign Banking Organization		Permissible Activities and Investments	3510.0.2
Owning or Controlling Shares in a Fiduciary Capacity	3040.0.3	Regulation K	3510.0.1
Inspection Objectives	3040.0.5	Section 4(c)(10) of the BHC Act	
Inspection Procedures	3040.0.6	Grandfather Exemption from Section 4 of the BHC Act for BHCs Which Are Banks	3520.0
Laws, Regulations, Interpretations, and Orders	3040.0.7	Section 4(c)(11) of the BHC Act	
Other Reporting Requirements	3040.0.4	Authorization for BHCs to Reorganize Share Ownership Held on the Basis of Any Section 4 of the BHC Act	3530.0
Transfer of Shares to a Trustee	3040.0.1	Section 4(c)(12) of the BHC Act	
Trust Company Subsidiaries	3040.0.2	Laws, Regulations, Interpretations, and Orders	3540.0.1
Section 4(c)(5) of the BHC Act		Ten-Year Exemption for One-Bank BHCs	3540.0
Companies in Which BHCs May Invest	3050.0.1	Section 4(c)(13) of the BHC Act	
Inspection Objectives	3050.0.3	International Activities of Domestic Bank Holding Companies	3550.0
Inspection Procedures	3050.0.4		
Investments Under Section 5136 of the Revised Statutes	3050.0		

Section 4(c)(13) of the BHC Act—continued		Securities Brokerage—continued	
Investments and Activities Abroad	3550.0.1	Board Order, Initial Approval of an Application Prior to Adding the Nonbank Activity to Regulation Y	3230.0.2
Section 4(c)(14) of the BHC Act		Board Decisions	3230.05
Export Trading Companies	3560.0	Compliance	3230.0.10.5
Inspection Procedures	3560.0.1	Conflicts of Interest	3230.0.10.3
Section 4(c)(i) and (ii) of the BHC Act—Exemptions From Prohibitions on Acquiring Nonbank Interests	3010.0	Custodial Services	3230.0.2.3
Family-Owned Companies	3010.0.3	Delivery	3230.0.10.2.3
Inspection Objectives	3010.0.4	Earnings, Volume Trends and Prospects	3230.0.10.4
Inspection Procedures	3010.0.5	Examination Checklists	3230.0.11
Labor, Agricultural or Horticultural Organizations	3010.0.2	Execution	3230.0.10.2.1
Laws, Regulations, Interpretations, and Orders	3010.0.6	Final Rule	
Section 23A of the Federal Reserve Act, Compliance with	2020.1, 2020.9.2.1	Adoption—Activity Initially Added to Regulation Y	3230.0.4
Section 23B of the Federal Reserve Act	2020.0, 2020.1.2	Inspection Objectives	3230.0.7
Securities Activities in Overseas Markets	2180.0	Inspection Procedures	3230.0.10
Securities Agent, Acting as		Laws, Regulations, Interpretations, and Orders	3230.0.12
Private Placement	3230.4.2, 3230.4.3	Maintenance of Customer Securities Accounts	3230.0.2.2
Riskless Principal	3230.4.4	Margin Credit Activities and Securities Brokerage	3230.0.3
Securities-Based		Margin Lending	3230.0.2.1
Credit—Requirement That Borrowers Hold Their Securities Collateral in an Account at a Subsidiary Bank's or BHC's Broker-Dealer Affiliate	3500.0.2.4	Market Entry into Securities Brokerage	3230.0.5
Securities Borrowing and Lending, Acting as a Conduit in	3230.6	Materials Required for Inspection Operations	3230.0.9 3230.0.10.2
Securities Borrowing Transactions, Cash Collateralized	4060.3.2	Options on Securities:	
Securities Broker-Dealer-Manager, Acting as		Executing and Clearing CFTC-Regulated Options on Bullion and Foreign Exchange on Authorized Commodity Exchanges and Providing Investment Advice	3255.0.3
Cash-Tender and Exchange-Offer Transactions	3600.21.5	Options on Securities Issued or Guaranteed by the U.S. Government and its Agencies and Options on U.S. and Foreign Money Market Instruments	3255.0.1
Interest-Rate and Currency Swaps	3260.0.3.4	Options in Foreign Currency on Exchanges Regulated by the SEC	3255.0.2
Specialist in Foreign Currency Options	3700.8	Organization and Management	3230.0.10.1
Specialist in Options on Foreign Exchange	3260.0.3.3	Overview	3230.0.1
Securities Brokerage	3230.0	Presentation of Findings	3230.0.10.6
Audits and Controls	3230.0.10.2.5		

Securities Brokerage—continued		Settlement Area, Securities	
Purpose of Inspection of Securities		Brokerage	3230.0.10.2.2
Brokerage Activities	3230.0.6	Sharing of Facilities and Staff by	
Recordkeeping	3230.0.10.2.4	Banking Organizations	2010.8
Relationship with Affiliated		Identification of Facilities and	
Trust Departments	3230.0.10.3.1	Staff	2010.8.1
Scope of Inspection	3230.0.8	Examiner Guidance	2010.8.2
Securities Brokerage		Short Sales	3240.0.6.4
Inspection Checklist	3230.0.11.1	Short-Term Indebtedness, Other	2080.1.4
Securities Brokerage/Internal		Small-Business Loans and	
Control Checklist	3230.0.11.2	Leases on Personal	
Settlement	3230.0.10.2.2	Property Transferred with	
Securities Credit Regulations	2187.0.2	Recourse—Capital	
Securities and Derivatives,		Treatment	4060.3.5.2.4
Policies and Procedures for		Sources of Funds to Make Up	
Managing	2120.0.4	Shortfalls	4010.0.5
Securities Exchange,		Specific Guidelines for Debt	
Operating a	3600.6	Servicing Capacity	4010.0.4
Securities Lending		Split-Dollar Life Insurance	2020.9
Administrative Procedures	2140.0.3.2	Collateral Assignment Plan	2020.9.1.2
Cash as Collateral	2140.0.3.6	Compliance with Sections	
Collateral Management	2140.0.3.5	23A and 23B of the FRA	2020.9.2.1
Credit Analysis and Approval		Endorsement Plan	2020.9.1.1
of Borrowers	2140.0.3.3	Examiner Review	2020.9.4
Credit and Concentration		Inspection Objectives	2020.9.5
Limits	2140.0.3.4	Inspection Procedures	2020.9.6
Definitions of Capacity	2140.0.2	Investment Authority Under	
Employee Benefit Plans	2140.0.3.10	the National Banking Act	2020.9.2.2
Guidelines	2140.0.3	Laws, Regulations,	
Indemnification	2140.0.3.11	Interpretations, and	
Letters of Credit as		Orders	2020.9.7
Collateral	2140.0.3.7	Safety and Soundness	
Recordkeeping	2140.0.3.1	Concerns	2020.9.3
Securities Lending Market	2140.0.1	Stamps, Distribution Through	
Use of Finders	2140.0.3.9	ATMs	3160.3
Written Agreements	2140.0.3.8	Standby Letters of Credit	4060.3.5.3.8
Securities Lending Market	2140.0.1	Standby RUFs	2220.3.5
Securities Lent	4060.3.5.3.1	State Banking Departments,	
Securities Underwriting Trading		Coordinating Examinations	
Policies	3240.0.13.1	and Inspections	5000.0.8.3.7
Securitization of Asset-Backed		Statement of Parent Company	
Commercial Paper		Liquidity Position	4010.2.3
Programs	2128.03, 4060.3.5.3.12	Status of ESOPs Under the BHC	
Securitization of Asset-Backed		Act	2080.5.3
Securities	2128.02.4, 3070.0.3.2	Statutory Tools Available for	
Securitization Process	2128.02.2	Formal Supervisory	
Selecting Individuals to Perform		Action	2110.0.1
Appraisals and Evaluations	2231.0.17	Stock Index Options	2130.0.8.1.1
Sensitive Positions, Absences		Stock Option Programs	2080.5.1
from	2010.9.1	Stock Redemptions	2090.1.11
Inspection Objectives	2010.9.2	Stored-Value-Card Services	3160.2.2
Inspection Procedures	2010.9.3	Closed Systems	3160.2.2.1
Servicing Agreements	3070.0.4.4	Open Systems	3160.2.2.2
Servicing/Loan			
Administration	3070.0.4		
Servicing Loans	3080.0		
Inspection Objectives	3080.0.1		
Inspection Procedures	3080.0.2		

Stress Testing—		Supervision of Foreign Banking	
Borrower's Financial		Organizations	2100.1
Capacity, Stress Testing		Supervision of Subsidiaries	2010.0
of	2010.2.2.1.5	Consolidated Planning	
Structured Notes	2128.0	Process	2010.4
Subchapter S Corporations	2070.0.2	Funding Policies	2010.1
Subpoena Power	2110.0.2.10	Inspection Objectives	2010.0.3
Subprime Lending	2128.08.5, 3070.3.1.7	Inspection Procedures	2010.0.4
Adequacy of the ALLL	2128.08.1.3	Investments	2010.3
Appendix—Questions and		Loan Administration	2010.2
Answers for Examiners		Policy Statement on the	
Regarding the Expanded		Responsibility of Bank	
Guidance for		Holding Companies to	
Subprime-Lending		Act as Sources of	
Programs	2128.08.1.9	Strength	
Applicability of the Guidance	2128.08.1.9.1	to Their Subsidiary	
Capital Guidance	2128.08.1.8, 2128.08.1.9.3	Banks	2010.0.1
Classification Guidelines for		Supervision Standards for De	
Subprime Lending	2128.08.1.4	Novo State Member Banks	
Examination Review and		of Bank Holding	
Analysis	2128.08.1.2	Companies	4020.9
Individual Loans	2128.08.1.4.1	Supervisory and Examiner	
Inspection Objectives	2128.08.2	Guidance, Credit	
Inspection Procedures	2128.08.3	Derivatives	2129.0.1
Interagency Guidance	2128.08.1	Supervisory Approach to—	
New Entrants to the Business	2128.08.1.3.1	Analyzing Parent	
Pools of Subprime		Company Liquidity	4010.2.2
Loans—Not Classified	2128.08.1.3.2	Appraisals and Evaluations	2231.0.17
Portfolios	2128.08.1.4.2	Supervisory Determination as to	
Predatory or Abusive Lending		Adequacy of Parent	
Practices	2128.08.1.6	Company Cash Flow	4010.0.3
Required Documentation for		Supervisory Findings,	
Cure Programs	2128.08.1.5	Communication and	
Risk Management of	2128.08.1.1	Documentation of	2124.0.2.7, 2124.0.2.8
Stress Testing	2128.08.1.7.1	Supervisory Ratings	
Subprime Characteristics	2128.08.1.9.2	Confidentiality of	4070.5
Subprime-Lending Examiner		Revising	4070.3
Responsibilities	2128.08.1.8	Supervisory Strategies,	
Transaction-Level Testing	2128.08.1.2.1	Development of	
Substandard	2240.0.2.1, 5010.10.1.1	Board Reporting	
Successor Rights	2030.0.4	Requirements	
Summary Analysis, Banks	4020.5	for Foreign Parent	
Summary of Examination		Institutions	2100.1.3
Findings	5000.0.9.3	Interagency Policy Statement	
Criteria For Conducting		on the Supervision of	
Meetings	5000.0.9.2.1	U.S. Branches and	
Supervision and Inspection Procedures		Agencies of Foreign	
BHCs with Total		Banks	2100.1.2
Consolidated Assets		Policy Statement on the	
\$5 Billion or More	5000.0.3	Supervision and	
Less Than \$5 Billion	5000.0.4.3	Regulation of Foreign	
Between \$1 Billion		Banking Organizations	2100.1.1
and \$5 Billion	5000.0.4.3.1	Surveillance Program	4080.0
Less Than \$1 Billion	5000.0.4.3.2	Atypical BHCs	4080.0.4
		Corrective Action and Follow-Up	4080.0.3
		Exception List	4080.0.1



Surveillance Program—continued		Tie-In Arrangements for Entities Other Than Banks	3500.0.3
Review of BHC Exception List and Reserve Bank Analysis	4080.0.2	Tie-In Arrangements Relating to Nonbank Banks	3500.0.4
Role in Inspection Process	4080.0.5	Tie-In Considerations of the BHC Act	3070.0.7.4, 3500.0
Small BHCs	4080.1	Anti-Tying Exceptions for Entities Other Than Banks	3500.0.3
Syndication, Real Estate	3700.3.2	Arrangements, Voluntary Versus Involuntary Tie-ins	3500.0.5
T		Inspection Checklist	3500.0.8
Targeted MIS Inspection	5052.0	Inspection Objectives	3500.0.6
Inspection Objectives	5052.0.4	Inspection Procedures	3500.0.7
Inspection Procedures	5052.0.5	Regulatory Exceptions	3500.0.2
Internal Controls over MIS Integrity	5052.0.2	Safe Harbor for Combined- Balance Discounts	3500.0.2.2
MIS Architecture and Planning	5052.0.3	Safe Harbor for Combined- Balance Discounts— Members of a Family	3500.0.2.2.1
Relevancy and Use of MIS	5052.0.1	Safe Harbor for Foreign Transactions	3500.0.2.3
Tax Planning and Preparation	3130.6	Traditional Bank-Product Exception	3500.0.2.1
Inspection Objectives	3130.6.1	Statutory Exception, Section 106 BHC Act	3500.0.1.1
Inspection Procedures	3130.6.2	Tie-In Arrangement Prohibitions	3500.0.1
Laws, Regulations, Interpretations, and Orders	3130.6.3	Tier 1 Leverage Ratio for BHCs	4060.4.2
Taxes—Consolidated Corporate		Tier 2 Capital	4060.3.2.1.2
Tax Filing	2070.0	Title Abstracting Real Estate	3600.30.1
Agreements, Tax Sharing	2070.0.1.1	Title Abstracting	
Income Tax Allocation in a Holding Company Structure	2070.0.1	U.S.-Registered Aircraft	3600.30.2
Income Tax Forgiveness Transactions	2070.0.1.5	Title Insurance	3700.2.6
Inspection Objectives	2070.0.3	Total-Rate-of-Return Swap	2129.0.2.2
Inspection Procedures	2070.0.4	Trade Name or Royalty Fees	2020.8
Laws, Regulations, Interpretations, and Board Orders	2070.0.5	Trading Account	2130.0.10.3
Measurement of Current and Deferred Income Taxes	2070.0.1.2	Trading Account Short Hedge	2130.0.10.3
Qualifying Subchapter S Corporations	2070.0.2	Trading Activities of Banking Organizations—Risk Management and Internal Controls	2125.0
Tax Payments to the Parent Company	2070.0.1.3	Board of Directors' Approval of Risk Management Policies	2125.0.1.1
Tax Refunds from the Parent Company	2070.0.1.4	Credit Risk	2125.0.2.5.1
Temporary (Emergency) Cease and Desist Orders	2110.0.2.2	Independent Risk	
Ten Year Exemption from Section 4 of the BHC Act for One-Bank BHC's	3540.0	Management Functions	2125.0.1.3
Laws, Regulations, Interpretations, and Orders	3540.0.1	Internal Controls and Audits	2125.0.3
Third-Party Arrangements in Insurance and Annuity Sales Programs	3950.0.4.1.2	Limiting Risks	2125.0.2.2
Thrift Notes and Similar Debt Instruments	2080.1.3	Liquidity Risk	2125.0.2.5.3
Tickets, Distribution through ATMs	3160.4	Management Evaluation and Review of the Risk Management Process	2125.0.2.4

Trading Activities of Banking Organizations—Risk Management and Internal Controls—continued		Transactions Between Affiliates— Section 23A and 23B of the Federal Reserve Act—continued	
Managing Specific Risks	2125.0.2.5	Laws, Regulations, Interpretations, and Orders	2020.1.5
Market Risk	2125.0.2.5.2	Leases	2020.1.1.2.1
Operational Risk, Legal Risk, and Business Practices	2125.0.2.5.4	Limitations of Amount—Value of Transactions	2020.1.1.2.3
Oversight of the Risk Management Process	2125.0.1	Limitations on Collateral Security Purchase by an Insured Depository Institution from an Affiliate	2020.1.1.4 2020.1.1.7
Reporting	2125.0.2.3	Transaction Testing, Risk-Focused for Full-Scope Inspections	2124.0.1
Risk Management Process	2125.0.2	Transactions Involving Affiliates	2129.0.3.4
Risk Measurement Systems	2125.0.2.1	Transactions Involving Other Property or Services	2050.0.2
Senior Management’s Risk Management Responsibilities	2125.0.1.2	Transactions Not Requiring the Services of a Licensed or Certified Appraiser	2231.0.2
Trading for a Company’s Own Account in Futures, Options, and Options on Futures Based on U.S. Government Securities and Certain Money Market Instruments	32670.0.3.1	Transactions Requiring Submission of Prior Notice	2090.1.4
Trading in Futures, Options, and Options on Futures Contracts Based on Commodities or on Stock, Bond, or Commodity Indices for One’s Own Account	3251.0.9	Transactions Subject to Federal Reserve Act Section 23B	2020.6.2
Transactions Between Affiliates— Section 23A and 23B of the Federal Reserve Act	2020.1, 2020.1.2	Transfer of Grandfather Rights Among Subsidiaries	3170.0.3.4.2
Collateral for Certain Transactions with Affiliates	2020.1.1.3	Transfer of Low-Quality Loans of Other Assets	2020.7 2020.7.1
Contributing Shares or Assets of a BHC Affiliate to a Bank	2020.1.1.2.4	Inspection Objectives	2020.7.2
Covered Transactions	2020.1.1.2	Inspection Procedures	3040.0.1
De Facto Extensions of Credit	2020.1.1.7	Transfer of Shares to a Trustee	3160.5
Definition of an Affiliate	2020.1.1.2.2	Transmitting Money, Engage in Transmitting Money in the U.S. to Third Parties Located in Foreign Countries	3160.5.1 3700.6
Derivative Transactions Between Insured Depository Institutions and Their Affiliates	2020.1.1.5	Travel Agencies	3700.6
Exemptions, Board-Approved Attribution Rule	2020.1.1.8 2020.1.1.8.1	Traveler’s Checks, Distribution through ATMs	3160.3
Exemptions, Statutory	2020.1.1.6	Treasury Stock Redemptions	2090.3
Financial Subsidiaries	2020.1.1.9	Change in Control Act Considerations	2090.3.1
Inspection Objectives	2020.1.3	Inspection Objectives	2090.3.2
Inspection Procedures	2020.1.4	Inspection Procedures	2090.3.3
Intraday Extensions of Credit	2020.1.1.5.2	Troubled Debt Restructuring— Returning a Multiple Note Structure to Accrual Status	2065.1.4.1
		Trust Company Subsidiaries	3040.0.2
		Trust Preferred Securities	4060.3.2.1.1
		Trust Preferred Securities Mandatorily Convertible Into Noncumulative Perpetual Preferred Securities	4060.3.9.1

Trust Services	3120.0	Underwriting and Dealing in U.S.	
On-Site Inspections	3120.0.1	Government Obligations,	
		Municipal Securities, and Money	
		Market Instruments—continued	
U		Regulation of Dealer Activities	3240.0.3
Underwriting and Dealing in		Repurchase Agreements and	
Commercial Paper to a		Securities Lending	3240.0.8
Limited Extent	3600.21.1	Review of Internal Controls	3240.0.13
Underwriting and Dealing in		Scope of the Inspection	3240.0.10
Securities	2128.02.7	Securities Underwriting	
Underwriting and Dealing in, to		Trading Policies	3240.0.13.1
a Limited Extent, Corporate		Short Sales	3240.0.6.4
Debt and Equity Securities	3600.21.4	“When-Issued” Trading	3240.0.6.1
Underwriting and Dealing in, to		Underwriting and Reinsuring	
a Limited Extent,		Home Mortgage	
Municipal		Redemption Insurance	3600.17.1
Revenue Bonds, Mortgage		Underwriting and Riskless	
Related Securities, and		Principal	3230.4.4.2
Commercial Paper	3600.21.2	Underwriting as Reinsurer	3180.0.4
Underwriting and Dealing in		Underwriting “Private	
U.S. Government		Ownership” Industrial	
Obligations, Municipal		Development Bonds	3600.21.6
Securities, and Money		Underwriting Property and	
Market Instruments	3240.0	Casualty Insurance	3700.2.5
Adding the Activity to		Underwriting Real Estate	
Section 225.28(b) of		Mortgage Guarantee	
Regulation Y	3240.0.2	Insurance	3700.2.4
Arbitrage	3240.0.6.5	Underwriting of Securities,	
Bankers’ Acceptances	3240.0.7.1	Foreign Banks’	3510.0.2.3
Certificates of Deposit	3240.0.7.2	Undivided Profits Test	2080.4.1.2
Clearance	3240.0.6.3	Uniform Agreement on the	
Custody and Movement of		Classification of Assets and	
Securities	3240.0.13.3	Appraisal of Securities	
Customer and Dealer		Held by Banks and Thrifts	5010.10.1
Accounts	3240.0.13.5	Unimpaired Capital and	
Dealer Activities	3240.0.4	Unimpaired	
Due Bills	3240.0.6.2	Surplus	2020.1.1, 2050.0.3.2
Government and Municipal		Unrealized Asset Values	4060.3.5.4.1
Securities	3240.0.5	Uninsured Annuities, Sale of	2175.0
Government Securities		Characteristics of Annuity	
Trading	3240.0.6	Instruments	2175.0.3
History of Board Approvals		Improper Marketing Practices	2175.0.4
of Underwriting and		Inspection Objectives	2175.0.5
Dealing in Government		Inspection Procedures	2175.0.6
Obligations and Money		Permissibility of Uninsured	
Market Instruments	3240.0.1	Annuity Sales	2175.0.2
Inspection Objectives	3240.0.11	Unused Commitments	4060.3.5.3.3
Inspection Procedures	3240.0.12	U.S. Government, Purchase and	
Laws, Regulations, Interpretations,		Sale of Loans Guaranteed	2170.0
and Orders	3240.0.14	Recommendations for	
Money Market Trading	3240.0.7	Originating and Selling	
Offsetting Resale and		Institutions	2170.0.2
Repurchase Transactions	3240.0.13.2	Recommendations for	
Policy Summary	3240.0.9	Purchasing Institutions	2170.0.3
Purchase and Sales		Use of Finders	2140.0.3.9
Transactions	3240.0.13.4		

Use of the Manual	1030.0	Venture Capital—continued	
Abbreviation	1030.0.3	Venture Capital Company—	
Amendments to the Manual	1030.0.4	Sample Income Statement	2260.0.10
Inspection Objectives,		Violations	
Inspection Procedures,		Board, Orders of and Written	
Laws, Regulations,		Agreements with	2110.0.2.6
Interpretations, and		Federal Campaign Election	
Orders	1030.0.1	Act	2120.0.8
Numbering System	1030.0.2	Foreign Corrupt Practices Act	2120.0.8
Useful Life of an Appraisal	2231.0.4	Free-Riding Schemes— <i>See</i>	
USPAP, Interagency		Day Trading and	
Statement on the 2006	2231.0.5.1	Free-Riding Schemes.	
Utility Rate Testimony	3130.3.5.2	Inspection Objectives	2187.0.6
		Inspection Procedures	2187.0.7
		Inspection Report	5010.15
		Laws, Regulations,	
		Interpretations, and	
		Orders	2187.0.8
		New Customer Inquiries and	
		Warning Signals	2187.0.3
		Regulation T, “Credit by	
		Brokers and Dealers”	
		and Regulation X,	
		“Borrowers of Securities	
		Credit”	2187.0.2.2
		Regulation U, “Credit by	
		Banks for the Purpose	
		of Purchasing or	
		Carrying Margins	
		Stocks”	2187.0.2.1
		Scope of the Inspection for	
		Free-Riding Activities	2187.0.4
		SEC and Federal Reserve	
		Sanctions and	
		Enforcement Actions	2187.0.5
		Securities Credit Regulations	2187.0.2
		Typical Day Trading or Free-	
		Riding Activities	2187.0.1
		Volumetric-Production-Payment	
		Transactions Involving	
		Physical Commodities	3610.2
		W	
		When-Issued Trading	3240.0.6.1
		Written Agreements	2110.0.2.3, 2140.0.3.8
		Written Engagement Letters,	
		Appraisals and Evaluations	2231.0.17