

Glossary

Course: Business Structures in the NISP

Affiliate: Each entity that directly or indirectly controls, is directly or indirectly controlled by, or is under common control with, the ultimate parent entity.

Colleges and Universities: Educational institutions that award academic degrees, and related research activities directly associated with a college or university through organization or by articles of incorporation.

Common Stock: A security that represents ownership in a corporation. Holders of common stock exercise control by electing a board of directors and voting on corporate policy. Common stockholders are on the bottom of the priority ladder for ownership structure. If a company goes bankrupt, the common stockholders will not receive their money until the creditors and preferred stockholders have received their respective share of the leftover assets.

Company: A generic and comprehensive term which may include sole proprietorships, individuals, partnerships, corporations, societies, associations, and organizations usually established and operating to carry out a commercial, industrial or other legitimate business, enterprise, or undertaking.

Contractor: Any industrial, educational, commercial, or other entity that has been granted an entity eligibility determination by a Cognizant Security Agency. This term also includes licensees, grantees, or certificate holders of the U.S. Government with an entity eligibility determination/FCL granted by a CSA. As used in this rule, "contractor" does not refer to contractor employees or other personnel.

Corporate Family: An entity, its parents, subsidiaries, divisions, and branch offices.

Division: An administrative or functional unit of a business organization.

Dormant Partner: (See Silent Partner)

Exclude: An individual or other legal entity may be excluded from access to classified material at any or all classification levels by means of a formal exclusion resolution. The written resolution must be signed by an official with legal authority to act for the company.

Facility: A plant, laboratory, office, college, university, or commercial structure with associated warehouses, storage areas, utilities, and components, that, when related by function and location, form an operating entity.

Facility (Security) Clearance (FCL): An administrative determination that, from a security viewpoint, an entity is eligible for access to classified information of a certain classification level (and all lower levels.)

Facility Security Officer (FSO): A U.S. citizen employee of a contractor, who is cleared as part of the facility clearance (FCL) to be the FSO. The FSO supervises and directs security measures necessary for implementing applicable requirements of the NISPOM and related U.S. Government security requirements to ensure the protection of classified information.

General partnership: All partners share equally in the profits and losses of the business. Each general partner has full personal liability (i.e., including personal assets) for all partnership obligations.

Holding Company: Principle business is to own stocks or securities of other companies. May be a corporation, partnership, LLC, or other structure, and they are usually excluded.

Home Office Facility (HOF): The headquarters of a multiple facility organization.

Insider Threat Program Senior Official (ITPSO): A U.S. citizen employee of the contractor, who is cleared as part of the facility clearance (FCL). The ITPSO is responsible for establishing and executing the facility's insider threat program.

Joint and Several Liability: Liability for damages caused by the combined action of two or more persons, or for an obligation undertaken by two or more persons, under circumstances in which the law permits the plaintiff to proceed either against the whole group, or against any member individually.

Joint Venture: An association of two or more persons or businesses engaged in a single defined project with all parties contributing assets and efforts, and sharing in the management, profits, and losses, in accordance with the terms of an agreement among the parties.

Junior Partner: A business partner within a limited partnership who does not possess special authority or powers.

Key Management Personnel (KMP): The senior management official (SMO), the Facility Security Officer (FSO), Insider Threat Program Senior Officer (ITPSO), and all other entity officials who either hold majority interest or stock in, or have direct or indirect authority to influence or decide issues affecting the management or operations of, the entity or classified contract performance.

Limited Liability Company (LLC): The limited liability company is a unique legal entity. The LLC is based on the idea of a partnership, but it departs from the partnership model in that the LLC is treated as a separate legal entity like a corporation. Like a corporation, the LLC may own property and enter into contracts on its own behalf. Usually, the owners of the LLC ("members") elect to treat the LLC as a partnership for federal income tax purposes and not as an association taxable as a corporation. A member managed LLC operates similarly to a general partnership. A manager managed LLC operates more like a corporation, where members delegate some decision authority to one or more managers.

Limited partnership: A partnership of two or more persons that allows partners to have limited liability as well as limited input with management decisions. These limits depend on the extent of each partner's investment percentage.

Majority: A number more than half of the total number of a given group. The number of election votes above the total number of all other votes cast.

Member: One who belongs to a group or organization. Also refers to an owner of a limited liability company (LLC).

Multiple Facility Organization (MFO): A legal entity (single proprietorship, partnership, association, trust, or corporation) composed of two or more entities (facilities).

National Industrial Security Program (NISP): The NISP was established by Executive Order 12829 for the protection of classified information. The NISP applies to all Executive Branch Departments and Agencies and to all cleared contractor facilities located within the United States and its territories.

Parent: An entity that owns at least a majority of another entity's voting securities.

Partner: A member of a business partnership.

Personnel (Security) Clearance (PCL): An administrative determination that an individual is eligible, from a security point of view, for access to classified information of the same or lower category as the level of the personnel clearance being granted.

Preferred Stock: The stock of a corporation with priority or preference over the common stock in the distribution of dividends and assets.

Quorum: The number of people required to be present before a meeting can conduct business. Unless stated differently in by-laws, articles, regulations, or other rules established by the organization, a quorum is usually a majority of members. A quorum for meetings of corporate boards of directors, homeowners' associations, clubs, and shareholders meetings are usually set in the bylaws. The quorum for meetings of governmental bodies such as commissions and boards are usually set by statute.

Secret Partner: A business partner who shares in management of the partnership, but his/her relationship to the business is concealed from the public.

Securities and Exchange Commission (SEC): The SEC was created by the Securities Exchange Act of 1934. The mission of the U.S. Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The SEC consists of five presidentially-appointed Commissioners, with staggered five-year terms. One of them is designated by the President as Chairman of the Commission — the agency's chief executive.

Securities: Written evidence of ownership of creditorship, especially stocks or bonds.

Senior Management Official (SMO): The contractor's official responsible for the entity policy and strategy. The SMO is an entity employee occupying a position in the entity with ultimate authority over the facility's operations and the authority to direct actions

necessary for the safeguarding of classified information in the facility. This includes the authority to direct actions necessary to safeguard classified information when the access to classified information by the facility's employees is solely at other contractor facilities or U.S. Government locations.

Senior Partner: A business partner with special authority or powers upon one or more of the partners within a limited partnership.

Share: One of the equal parts into which the capital stock of a corporation or company is divided.

Shareholder: A holder of a share or shares of stock. A stockholder.

Silent Partner: A business partner who provides capital but does not actively participate in the management of operations. Also referred to as a dormant partner.

Sole Proprietor: A person who owns and operates a business in his or her own name, and also a business in which one person owns all the assets, owes all the liabilities, and operates in his or her personal capacity.

Stock:

- a. The capital of fund that a corporation raises through the sale of shares entitling the holder to dividends and to other ownership rights.
- b. The number of shares possessed by each stockholder.
- c. A certificate showing ownership of a stated number of shares.

Stockholder: One who owns a share or shares of stock in a company.

Subsidiary: An entity in which another entity owns at least a majority of its voting securities.

Voting Stock: Stock the ownership of which gives the right to vote on company business and to elect members of the board of directors.