

# GLOSSARY OF TERMS

---

- **Advisor Driven Revenue / Gross Dealer Concessions ("GDC"):** "Compensable" revenue in which the independent advisor is entitled to a percentage of the revenue. Derived from commissions and fees on advisor driven production
- **Assets under Administration ("AUA"):** Assets on which a firm provides consulting and advice but are beneficially owned by end retail clients
- **Assets under Management ("AUM"):** Assets on which a firm actively manages on behalf of an investor
- **Broker-Dealer ("BD"):** A person or firm in the business of buying and selling securities, operating as a broker or a dealer, depending on the transaction. Includes banks, wirehouses, insurance companies, and independent broker-dealers
- **Clearing Firm:** An organization associated with an exchange to handle the confirmation, settlement and delivery of transactions, fulfilling the main obligation of ensuring transactions are made in a prompt and efficient manner.
- **Custodian:** A financial institution that holds customers' securities and other assets in electronic or physical form
- **Hybrid RIA:** A firm that is registered with both the SEC and FINRA and can work as an IBD for commission business and an RIA for fee-based business
- **Fiduciary Standard:** Stipulates that an advisor must place his or her interests below that of the client
- **Independent Broker-Dealer ("IBD"):** Provides middle market & back office support to advisors who work as independent contractors for brokerage houses selling variety of financial products on commission basis. IBDs can also house independent advisors that work on a fee-based model. Required registration with FINRA and governed by Suitability Standard
- **Investment Advisor Representative ("IAR"):** An individual advisor working under an RIA firm
- **Registered Investment Advisor ("RIA"):** Provides middle and back office support to advisors who work completely independently on a fee-based model. Required registration with the SEC and governed by Fiduciary Standard
- **Revenue Retained:** "Non-compensable" revenue whereby the Company retains all of the income
- **Suitability Standard:** Stipulates that an advisor must reasonably believe that any recommendations made are suitable for clients, in terms of the client's financial needs, objectives and unique circumstances
- **Wirehouse:** Advisors work as employees for large integrated brokerage houses that sell a wide variety of financial products on a commission basis