

## IARD Glossary of Terms

The following is a summary of explained terms used in Forms ADV and ADV-W.

- Advisory Affiliate** Your advisory affiliates are (1) all of your officers, partners, or directors (or any **person** performing similar functions); (2) all **persons** directly or indirectly **controlling** or **controlled by** you; and (3) all of your current **employees** (other than **employees** performing only clerical, administrative, support or similar functions).
- If you are a "separately identifiable department or division" (SID) of a bank, your **advisory affiliates** are: (1) all of your bank's **employees** who perform your investment advisory activities (other than clerical or administrative **employees**); (2) all **persons** designated by your bank's board of directors as responsible for the day-to-day conduct of your investment advisory activities (including supervising the **employees** who perform investment advisory activities); (3) all **persons** who directly or indirectly control your bank, and all **persons** whom you control in connection with your investment advisory activities; and (4) all other **persons** who directly manage any of your investment advisory activities (including directing, supervising or performing your advisory activities), all **persons** who directly or indirectly **control** those management functions, and all **persons** whom you **control** in connection with those management functions. *[Used in: Part 1A, Item 11; Part 1B, Item 2]*
- Annual Updating Amendment** Within 90 days after your firm's fiscal year end, your firm must file an "annual updating amendment," which is an amendment to your firm's Form ADV that reaffirms the eligibility information contained in Item 2 of Part 1A and updates the responses to any other item for which the information is no longer accurate. *[Used in: General Instructions; Part 1A Instructions, Introductory Text, Item 2]*
- Charged** Being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge). *[Used in: Part 1A, Item 11; DRPs]*
- Client** Any of your firm's investment advisory clients. This term includes clients from which your firm receives no compensation, such as members of your family. If your firm also provides other services (e.g., accounting services), this term does not include clients that are not investment advisory clients. *[Used throughout Form ADV and Form ADV-W]*
- Control** Control means the power, directly or indirectly, to direct the management or policies of a **person**, whether through ownership of securities, by contract, or otherwise.
- Each of your firm's officers, partners, or directors exercising executive responsibility (or **persons** having similar status or functions) is presumed to control your firm.
  - A **person** is presumed to control a corporation if the **person**: (i) directly or indirectly has the right to vote 25 percent or more of a class of the corporation's voting securities; or (ii) has the power to sell or direct the sale of 25 percent or more of a class of the corporation's voting securities.
  - A **person** is presumed to control a partnership if the **person** has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the partnership.

- A **person** is presumed to control a limited liability company ("LLC") if the **person**: (i) directly or indirectly has the right to vote 25 percent or more of a class of the interests of the LLC; (ii) has the right to receive upon dissolution, or has contributed, 25 percent or more of the capital of the LLC; or (iii) is an elected manager of the LLC.
- A **person** is presumed to control a trust if the **person** is a trustee or **managing agent** of the trust.

*[Used in: General Instructions; Part 1A, Instructions, Items 2, 7, 10, 11, 12, Schedules A, B, C, D; Regulatory DRP]*

### Custody

Your firm has custody if it directly or indirectly holds **client** funds or securities, has any authority to obtain possession of them, or has the ability to appropriate them. Your firm has custody, for example, if it has a general power of attorney over a **client's** account or signatory power over a **client's** checking account. See Advisers Act rule 206(4)-2. *[Used in: Part 1A, Item 9; Part 1B, Instructions, Item 2]*

### Discretionary Authority

Your firm has discretionary authority if it has the authority to decide which securities to purchase and sell for the **client**. Your firm also has discretionary authority if it has the authority to decide which investment advisers to retain on behalf of the **client**. *[Used in: Part 1A, Instructions, Item 8; Part 1B, Instructions]*

### Employee

This term includes an independent contractor who performs advisory functions on your behalf. *[Used in: Part 1A, Instructions, Items 1, 5, 7, 11]*

### Enjoined

This term includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining **order**. *[Used in: Part 1A, Item 11; DRPs]*

### Felony

For jurisdictions that do not differentiate between a felony and a **misdemeanor**, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1,000. The term also includes a general court martial. *[Used in: Part 1A, Item 11; DRPs]*

### FINRA's CRD or CRD

The Web Central Registration Depository ("CRD") system operated by FINRA for the registration of broker-dealers and broker-dealer representatives. *[Used in: Part 1A, Item 1; Form ADV-W, Item 1; Form ADV-W, Item 1]*

### Foreign Financial Regulatory Authority

This term includes (1) a foreign securities authority; (2) another governmental body or foreign equivalent of a **self-regulatory organization** empowered by a foreign government to administer or enforce its laws relating to the regulation of **investment-related** activities; and (3) a foreign membership organization, a function of which is to regulate the participation of its members in the activities listed above. *[Used in: Part 1A, Items 1, 11; DRPs]*

<b>Found</b>	This term includes adverse final actions, including consent decrees in which the respondent has neither admitted nor denied the findings, but does not include agreements, deficiency letters, examination reports, memoranda of understanding, letters of caution, admonishments, and similar informal resolutions of matters. <i>[Used in: Part 1A, Item 11; Part 1B, Item 2]</i>
<b>Government Entity</b>	Any state or political subdivision of a state, including (i) any agency, authority, or instrumentality of the state or political subdivision; (ii) a plan or pool of assets <b>controlled</b> by the state or political subdivision or any agency, authority or instrumentality thereof; and (iii) any officer, agent, or <b>employee</b> of the state or political subdivision or any agency, authority or instrumentality thereof, acting in their official capacity. <i>[Used in: Part 1A, Item 5]</i>
<b>High Net Worth Individual</b>	An individual with at least \$750,000 managed by you, or whose net worth your firm reasonably believes exceeds \$1,500,000, or who is a "qualified purchaser" as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. The net worth of an individual may include assets held jointly with his or her spouse. <i>[Used in: Part 1A, Item 5]</i>
<b>Home State</b>	If your firm is registered with a <b>state securities authority</b> , your firm's "home state" is the state where it maintains its <b>principal office and place of business</b> . <i>[Used in: Part 1B, Instructions]</i>
<b>Impersonal Investment Advice</b>	Investment advisory services that do not purport to meet the objectives or needs of specific individuals or accounts. <i>[Used in: Part 1A, Instructions]</i>
<b>Investment-Related</b>	Activities that pertain to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with an investment adviser, broker-dealer, municipal securities dealer, government securities broker or dealer, issuer, investment company, futures sponsor, bank, or savings association). <i>[Used in: Part 1A, Item 11; DRPs; Part 1B, Item 2]</i>
<b>Involved</b>	Engaging in any act or omission, aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act. <i>[Used in: Part 1A, Item 11]</i>
<b>Management Persons</b>	<p>Anyone with the power to exercise, directly or indirectly, a <b>controlling</b> influence over your firm's management or policies, or to determine the general investment advice given to the <b>clients</b> of your firm.</p> <p>Generally, all of the following are management persons:</p> <ul style="list-style-type: none"> <li>• Your firm's principal executive officers, such as your chief executive officer, chief financial officer, chief operations officer, chief legal officer, and chief compliance officer; your directors, general partners, or trustees; and other individuals with similar status or performing similar functions;</li> <li>• The members of your firm's investment committee or group that determines general investment advice to be given to <b>clients</b>; and</li> </ul>

- If your firm does not have an investment committee or group, the individuals who determine general investment advice provided to **clients** (if there are more than five people, you may limit your firm's response to their supervisors).

*[Used in: Part 1B, Item 2]*

### Managing Agent

A managing agent of an investment adviser is any **person**, including a trustee, who directs or manages (or who participates in directing or managing) the affairs of any unincorporated organization or association that is not a partnership. *[Used in: General Instructions; Form ADV-NR]*

### Minor Rule Violation

A violation of a **self-regulatory organization** rule that has been designated as "minor" pursuant to a plan approved by the SEC. A rule violation may be designated as "minor" under a plan if the sanction imposed consists of a fine of \$2,500 or less, and if the sanctioned **person** does not contest the fine. (Check with the appropriate **self-regulatory organization** to determine if a particular rule violation has been designated as "minor" for these purposes.) *[Used in: Part 1A, Item 11]*

### Misdemeanor

For jurisdictions that do not differentiate between a **felony** and a misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than \$1,000. The term also includes a special court martial. *[Used in: General Instructions; Part 1A, Item 11; DRPs]*

### Non-Resident

(a) an individual who resides in any place not subject to the jurisdiction of the United States; (b) a corporation incorporated in and having its **principal office and place of business** in any place not subject to the jurisdiction of the United States; and (c) a partnership or other unincorporated organization or association that has its **principal office and place of business** in any place not subject to the jurisdiction of the United States. *[Used in: General Instructions; Form ADV-NR]*

### Notice Filing

SEC-registered advisers may have to provide **state securities authorities** with copies of documents that are filed with the SEC. These filings are referred to as "notice filings." *[Used in: General Instructions; Part 1A, Item 2; Execution Page(s); Form ADV-W]*

### Order

A written directive issued pursuant to statutory authority and procedures, including an order of denial, exemption, suspension, or revocation. Unless included in an order, this term does not include special stipulations, undertakings, or agreements relating to payments, limitations on activity or other restrictions. *[Used in: Part 1A, Items 2 and 11; Schedule D; DRPs]*

### Performance-Based Fee

An investment advisory fee based on a share of capital gains on, or capital appreciation of, **client** assets. A fee that is based upon a percentage of assets that you manage is not a performance-based fee. *[Used in: Part 1A, Item 5]*

<b>Person</b>	A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), or other organization. <i>[Used throughout Form ADV and Form ADV-W]</i>
<b>Principal Place of Business or Principal Office and Place of Business</b>	Your firm's executive office from which your firm's officers, partners, or managers direct, <b>control</b> , and coordinate the activities of your firm. <i>[Used in: Part 1A, Instructions, Items 1 and 2; Schedule D; Form ADV-W, Item 1]</i>
<b>Proceeding</b>	This term includes a formal administrative or civil action initiated by a governmental agency, <b>self-regulatory organization</b> or <b>foreign financial regulatory authority</b> ; a <b>felony</b> criminal indictment or information (or equivalent formal charge); or a <b>misdemeanor</b> criminal information (or equivalent formal charge). This term does not include other civil litigation, investigations, or arrests or similar charges effected in the absence of a formal criminal indictment or information (or equivalent formal charge). <i>[Used in: Part 1A, Item 11; DRPs; Part 1B, Item 2]</i>
<b>Related Person</b>	Any <b>advisory affiliate</b> and any <b>person</b> that is under common <b>control</b> with your firm. <i>[Used in: Part 1A, Items 7, 8, 9; Schedule D; Form ADV-W, Item 3]</i>
<b>Self-Regulatory Organization or SRO</b>	Any national securities or commodities exchange, registered securities association, or registered clearing agency. For example, the Chicago Board of Trade ("CBOT"), FINRA and New York Stock Exchange ("NYSE") are self-regulatory organizations. <i>[Used in: Part 1A, Item 11; DRPs; Part 1B, Item 2]</i>
<b>Sponsor</b>	A sponsor of a <b>wrap fee program</b> sponsors, organizes, or administers the program or selects, or provides advice to <b>clients</b> regarding the selection of, other investment advisers in the program. <i>[Used in: Part 1A, Item 5; Schedule D]</i>
<b>State Securities Authority</b>	The securities commission (or any agency or office performing like functions) of any state of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, or any other possession of the United States. <i>[Used throughout Form ADV]</i>
<b>Wrap Fee Program</b>	Any advisory program under which a specified fee or fees not based directly upon transactions in a <b>client's</b> account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of <b>client</b> transactions. <i>[Used in: Part 1, Item 5; Schedule D]</i>

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