

R0 exams 2021-22 Glossary



☰ Glossary

Glossary

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AA	Annual Allowance	The maximum amount of pension savings an individual can have each year that benefit from tax relief. Any payments that are in excess of the Annual Allowance will incur an annual allowance tax charge (assuming no carry forward allowances are available).	
AA	Attendance Allowance	DWP benefit paid to individuals aged 65 and over. The individual must have been suffering from a severe disability for over 6 months that means they require care.	
AAA	Alternative Annual Allowance	An annual allowance for DB total pension input if the MPAA is triggered.	
AAC	Annual Allowance Charge	A charge levied at an individual's marginal rate, if their total pension input exceeds their relevant Annual Allowance.	
ABI	Association of British Insurers	A UK body representing the insurance industry and its members.	
ACD	Authorised Corporate Director	With an OEIC, an ACD is responsible for the day to day management of the scheme. This includes: valuations, pricing and dealing, the OEICs compliance with FCA requirements, preparing accounts, and managing the investments. They will buy and sell bonds or shares in companies on the stock market on behalf of the OEIC.	
ADLs	Activities of Daily Living	The ability to carry out ADLs shows how independent an individual is and what level of care they may or may not require. There are six in total including activities such as washing and feeding.	
AER	Annual equivalent	The nominal rate of interest paid or received on a loan	

	rate	or deposit, compounded. It is the best comparison of rates offered by banks and building societies for both saving and loans. Also known as EAR.
AGM	Annual General Meeting	Annual meeting held for shareholders in a proprietary public limited company.
AIC	Association of Investment Companies	The trade organisation for the closed-ended investment company industry.
AIF	Alternative Investment Fund	A collective investment that is not subject to UCITS.
AIFMD	Alternative Investment Fund Managers Directive	This is an EU directive containing new rules regarding alternative investment funds.
AIM	Alternative Investment Market	A UK trading market, launched in June 1995 to provide primary and secondary markets for smaller and newer companies. It is often used as a stepping-stone towards full listing. There are less onerous rules and costs associated with the AIM and technically the shares are not to be described as 'listed'.
AIR	Annuity Interest Rate	This is a rate used to value pension payments. It is used to produce an initial cash equivalent for a member of a DB scheme who is considering a transfer.
AMC	Annual Management Charge	A charge calculated as an annual percentage of fund value.
APACS	Association for Payment Clearing Services	The main industry group for providers of payment systems.
APER	Code of Practice for Approved Persons	A set of principles and code of practice describing the behaviours and standards expected by the FCA of 'controlled functions', carried out by approved persons.
APF	Authorised Professional Firm	Professions such as solicitors and accountants that wish to carry out regulated activities, with the correct regulator permissions in place.
APR	Annual percentage rate	The true cost of money borrowed via mortgages, loans or credit cards etc.
APT	Arbitrage Pricing Theory	A theory of investment pricing: <i>'A security's return can be predicted using the relationship between it and a number of common risk factors'</i> .
APTA	Appropriate pension transfer	A process for advising on DB transfers. This considers a variety of factors before giving suitability advice not

	analysis	just mathematical areas like the critical yield required.
AR	Appointed Representative	This is an individual or firm who is exempt under regulator rules. They can carry out regulated activities on behalf of their principal but do not have direct part 4a permission themselves.
ASU	Accident, Sickness and Unemployment	A short-term, and therefore cheaper, version of income protection insurance. Pays out a regular benefit, typically for just 12 or 24 months.
ATR	Attitude to Risk	An individual's approach to the level of risk they wish to take in relation to their financial planning arrangements.
AVC	Additional Voluntary Contributions	An old-style pension plan used by members of a company scheme to top up their retirement benefits. This plan type was taken out through the sponsoring employer.

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BACS	Bankers' Automated Clearing Services	UK payments clearing company.
BCE	Benefit Crystallisation Event	An event which leads to a test against the relevant lifetime allowance. The test may result in the payment of a tax charge.
BCOBS	Banking: Conduct of Business Sourcebook	Conduct of business rules applying to banks and how they must deal with customers.
BOB	Buy Out Bond	This is a term that relates to a 'Section 32 Buy Out Bond'. This is a DC occupational pension that historically received a CETV from a contracted-out DB scheme. It usually included an element of GMP. The GMP guarantee was retained.
BoE	Bank of England	The Bank of England is the UK's central bank, and stands at the centre of the UK's financial system, committed to promoting and maintaining a stable and efficient UK monetary and financial framework.

BRT	Basic Rate Tax	Tax paid on income above the personal allowance up to a £37,700 band for 2021/22.
BSP	Basic State Pension	A state pension available to anyone with sufficient NICs who reached SPA (state pension age) up to 5 th April 2016. It was replaced by the single tier state pension.
BSP	Bereavement Support Payment	A payment on death from 6 th April 2017. It consists of both a lump sum and regular income payments for up to 18 months.
BTL	Buy to Let	Where a property is purchased to be rented out, rather than lived in by the purchaser.

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CAB	Citizens Advice Bureau	A consumer rights organisation, offering help and assistance to members of the public.
CAC index	Cotation Assiste en Continu	Main French Index.
CAPM	Capital Asset Pricing Model	A theory of investor behaviour: ' <i>Investors would want a return that equals the risk-free return plus, as a form of compensation, an additional return that takes account of the risks taken</i> '.
CARE	Career Average Revalued Earnings	A type of DB occupational pension scheme. Benefits are calculated using the salary for each year of membership rather than the last year's.
CASS	Client Assets	The FCA requirements relating to the holding of client money. This sourcebook contains the rules relating to timescales, interest payments, and protection.
CDD	Customer Due Diligence	This term describes the identification of the customer and obtaining information on the purpose of the relationship between a client and an adviser.
CETV	Cash Equivalent Transfer Value	The cash value required as a lump sum to buy a DB scheme member benefits equal to those they have

		built up in their scheme. It is predominantly used in pension transfers.
CF	Controlled Function	Another term for an approved person, so an individual who carries out a significant role within an authorised person.
CFPPFM	Consumer Friendly Principles and Practices of Financial Management	This is a consumer-friendly booklet given by a financial adviser to a client, where they are investing into a with profit fund.
CGT	Capital Gains Tax	A tax on the profit when you sell, or dispose of, an asset that has increased in value.
CHAPS	Clearing House Automated Payment System	A UK payments clearing company.
CIC	Critical Illness Cover	A policy that pays a pre-determined lump sum on the diagnosis of a specified serious/critical illness, permanent total disability or terminal illness.
CII	Chartered Insurance Institute	The royal-chartered professional body for the insurance and financial planning professions.
CIMPS	Contracted-in Money Purchase Scheme	A DC scheme that did not contract its members out of earnings-related state pensions.
CLT	Chargeable Lifetime Transfer	A transfer into a relevant property trust, such as a 'discretionary' or 'Interest in Possession' trust. If the value of a CLT combined with the value of CLTs in the last 7 years is less than the relevant nil rate band, then no lifetime IHT is due. However, if the transfer (or cumulation of transfers in the previous seven years) is more than the NRB amount, lifetime IHT at a 20% rate will be due.
CMA	Competition and Markets Authority	The CMA is a UK body whose aim is to ensure that there is fair competition between UK companies.
CMO	Chief Medical Officer	A senior underwriter for an insurance company.
COBS	Conduct of Business Standards	An FCA handbook that contains the day to day rules and requirements on how to deal with customers when carrying out regulated activities.
COMPS	Contracted-out Money Purchase	A DC scheme that contracted its members out of earnings-related state pensions.

	Scheme	
CON	Threshold Conditions	The minimum standards individuals, firms, and markets must satisfy to become and remain FCA authorised.
CPA	Compulsory Purchase Annuity	A guaranteed income for life purchased with a pension fund.
CPD	Continuous Professional Development	This is an annual Training and Competence requirement to maintain competence. Currently minimum annual CPD stands at 35 hours.
CPI	Consumer Price Index	An index based on a basket of goods, excluding housing costs such as mortgage payments and council tax. It is the key government measure for inflation. Currently, the Bank of England has been tasked with manipulating interest rates to meet a 2% CPI target.
CPIH	Consumer Price Index (Housing)	An experimental version of CPI that includes housing costs.
CPME	Continuing previous medical exclusions	This is where an underwriter applies the same terms as previously given on a former policy.
CRAG	Charging for Residential Accommodation Guide	This is a government guide setting out guidelines for means-testing assessments carried out by local authorities for LTC financial assistance.
CRD	Capital Requirements Directive	This is an EU directive introduced to improve the strength of international banking.
CT	Chargeable Transfer	If the donor of a PET dies within seven years, the transfer becomes chargeable to IHT – A Chargeable Transfer.
CT	Corporation Tax	A tax charged on a company's taxable total profits.
CTF	Child Trust Fund	A long-term tax-free savings account for children. CTFs are now closed for new accounts.
CVA	Company Voluntary Arrangement	This is similar to an individual voluntary arrangement (IVA) but applies to companies that are struggling.

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DA	Dividend allowance	The £2,000 that an investor can earn tax-free from dividends.
DAX 30	<i>(Trademark: not an acronym)</i>	German share index (30 largest quoted companies).
DB	Defined Benefit	A pension scheme dependent on an accrual rate, length of service and final salary definition provided by an employer for employees.
DC	Defined Contribution	A pension scheme dependent on investment performance and market conditions. Can be provided for an employee by an employer, or taken out by any qualifying individual irrelevant of employment status.
DC	Dividend cover	Ratio that shows how many times a dividend could be paid out of available current earnings.
DIS	Death In Service	A lump sum paid to an employee, if they die whilst working for an employer, i.e. 'in service'.
DLA	Disability Living Allowance	DWP benefit paid to individuals aged under 65 that need assistance with personal care, mobility or both for the last 3 and for at least the next 6 months. Replaced by Personal Independence Payment.
DMS	Discretionary management service	A licence provided to a fund management company by a customer, giving them permission to trade on behalf of the customer without seeking individual permission for each deal.
DMO	Debt Management Office	Part of HM Treasury that issues GILTS each week.
DMP	Debt Management Plan	This is a debt repayment plan where an adviser negotiates, on behalf of the debtor, with all the creditors, and establishes acceptable repayment plans with each.
DOTAS	Disclosure of Tax Avoidance Schemes	Legislation which means that firms in the UK who market tax-avoidance schemes must register them first with HMRC.
DPB	Designated Professional Body	A category of professional body applying to solicitors, accountants and other such professions.
DTA	Decreasing Term Assurance	A type of life assurance (or other) product where the amount paid out on death (or other specified event) decreases over time at a known rate.
DY	Dividend yield	Ratio that shows the true value of a share's dividend.
DWP	Department for	The government department running the UK social

Work and Pensions	security system.
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EAR	Effective Annual Rate	The nominal rate of interest paid or received on a loan or deposit, compounded. It is the best comparison of rates offered by banks and building societies for both saving and loans. Also known as AER.
EBA	European Banking Authority	A European supervisory authority in charge of banking supervision.
ED	Equity Distribution	Distribution from collective investment reporting funds.
EDSP	Exchange Delivery Settlement Price	The physical delivery costs of an underlying instrument or options contract often based on the average price of trades over a set period. The exchange delivery settlement price is the amount of cash settled in the final agreement. Usually, this is based on the index of the intraday prices or an average of the opening and closing price for the relevant day.
EEA	European Economic Area	The EU operates in a designated area known as the EEA.
EFRBS	Employer Financed Retirement Benefit Scheme	An unauthorised pension scheme that does not benefit from any of the HMRC tax concessions usually associated with pension schemes.
EIOPA	European Insurance and Occupational Pensions Authority	A European supervisory authority in charge of life and pensions supervision.
EIS	Enterprise Investment Scheme	One of 4 venture capital schemes, offering tax reliefs to individual investors who buy new shares in a company carrying out a qualifying business activity
EMH	Efficient Market	A theory of investor behaviour: 'Investors act on

	Hypothesis	information. In an efficient market share prices react instantly to such information, so it is not possible to outperform the market by picking undervalued shares. If all information is freely available, it should be impossible to achieve returns in excess of the market average over the longer term'.
EMIR	European Market Infrastructure Regulation	A European structure for regulating payment systems.
EPA	Enduring Power of Attorney	Created by a donor giving powers to an attorney.
EPF	Exempt Professional Firm	Professions such as solicitors and accountants that do not wish to carry out regulated activities.
EPS	Earnings Per Share	Ratio that Shows the trend in a company's profitability.
EPP	Executive Pension Plan	A defined-contribution occupational pension plan used by directors.
ERM	Exchange Rate Mechanism	An arrangement within the European Monetary System that allows the value of participating currencies to fluctuate to a defined degree in relation to each other to control exchange rates.
ERNIE	Electronic Random Number Indicator Equipment	The NS& I super-computer, which randomly selects which Premium Bond holders win a tax-free prize in the monthly prize draw
ESD	European Savings Directive	A directive that provides an automatic exchange of information between member states. It was set up to counter cross-border tax evasion on savings income.
ESFS	European System of Financial Supervisors	A body that supervises individual European financial institutions.
ESG	Environmental, Social and Governance	Factors to consider when measuring how a company behaves.
ESMA	European Securities and Markets Authority	A European supervisory authority in charge of the supervision of stock markets.
ESRB	European Systemic Risk Board	A body that monitors and assesses the stability of the European financial system.
ETF	Exchange Traded Fund	Investment funds that track a chosen index, and can be traded on the stock market.
ESA	European Supervisory	These are European regulatory bodies.

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FAD	Flexi-Access Drawdown	The ability to leave pension funds crystallised but invested, and to take either an income or cash lump sums from the fund.
FAMR	Financial Advice Market Review	This is a Treasury and FCA review intended to tackle the barriers to consumers accessing financial advice.
FAR	Free Asset Ratio	This is the capital reserve level of a life office. It measures the surplus assets that a life office holds, over and above its liabilities.
FAS	Financial Assistance Scheme	A compensation body that assists members of DB schemes that are underfunded and where the sponsoring employer has suffered an insolvency event.
FATF	Financial Action Task Force	A global/international body responsible for worldwide anti-money laundering policy and development.
FAWG	Financial Advice Working Group	A group tasked with actioning the recommendations made from the Financial Advice Market Review.
FCA	Financial Conduct Authority	The primary financial regulatory body in the United Kingdom, operating independently of the UK Government, and financed by charging fees to members of the financial services industry. The FCA is the conduct regulator for for nearly 60,000 businesses. They are the prudential supervisor for 49,000 firms and set specific standards for 19,000 firms.
FCF	The Fraud Compensation Fund	A fund (paid for by levies on pension schemes) that compensates workplace pension scheme members who have fallen victim to fraud, dishonesty, or asset misappropriation, and where the employer has suffered an insolvency event and is unlikely to be able to continue in business.
FIB	Family Income Benefit	Term assurance that pays tax-free annual / monthly income on the death of the life assured, for the rest of a fixed term.

FINMAR	Financial Stability and Market Confidence	FCA rules that relate to a firm's financial stability, market confidence and short selling.
FIT	Fit and Proper testing	A test the FCA uses to assess suitability of those performing controlled functions within authorised firms and markets.
FOF	Fund of Funds	A type of managed investment fund, where investors' money is spread over 'in-house' or other company's funds.
FOS	Financial Ombudsman Service	A service set up by the FSMA 2000 to impartially resolve individual complaints between financial businesses and their customers.
FPC	Financial Policy Committee	A UK body responsible for reducing/removing systemic risk.
FRS 17	Financial Reporting Standard 17	An accounting standard that relates to DB pension schemes and how they conduct their funding checks.
FSA	Financial Services Authority	The single UK financial service regulator established by the FSMA 2000, and in place between 2001 and 2013.
FSAP	Financial Services Action Plan	This is a plan designed to improve the European single market for financial services.
FSAVC	Free Standing Additional Voluntary Contributions	An old-style pension plan used by members of an occupational scheme to make further payments to top up their retirement benefits. This plan type was taken out through an insurance company, rather than as part of the occupational scheme.
FSB	Financial Stability Board	A worldwide global version of the ESRB responsible for the stability of the global financial system.
FSCP	Financial Services Consumer Panel	An FCA panel made up of financial services consumers.
FSCS	Financial Services Compensation Scheme	The UK's statutory compensation scheme for customers of authorised financial services firms. FSCS can pay compensation if a firm is unable, or likely to be unable, to pay claims against it.
FSMA 2000	Financial Services and Markets Act 2000	One of the major UK financial services statutes. The Act established the types of financial services activities that are regulated, and those which are not. It created the Financial Services Authority (FSA) as a regulator for insurance, investment business and banking, and the Financial Ombudsman Service to resolve disputes as a free alternative to the courts, and one compensation scheme in the FSCS.

FSPP	Financial Services Practitioners Panel	An FCA panel made up of financial services practitioners.
FSSC	Financial Services Skills Council	A UK organisation that proactively supports the development of a skilled workforce in the financial services industry.
FTC	Fair Treatment of Customers	The FCA lays down six consumer outcomes that firms should strive to achieve to ensure fair treatment of customers.
FTSE Index	Financial Times Stock Exchange Index	Index that combines individual UK share movements into one figure, designed to show how the UK market has moved over a period of time. (Variants: FTSE All-share, FTSE 100, FTSE 250, FTSE 350).

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GAAR	General anti-abuse rule	HMRC rule that applies to potentially abusive tax arrangements entered into on or after July 2013.
GAARP	Growth At A Reasonable Price	A style of stock selection used by fund managers, based on finding firms with long term growth prospects.
GAD	Government Actuary Department	The department that calculates withdrawal rates for capped drawdown policies.
GDP	Gross Domestic Product	The total value of all the goods and services produced each year in a country. It is measured quarterly.
GEN	General Provisions	The legal framework of FCA regulation in relation to status disclosure.
GI	General Insurance	Insurance products such as building, contents, travel and pet insurance.
GIB	Guaranteed Income Bond	A single-premium investment that provides a guaranteed capital growth (based on re-invested income) over a specified term (usually 5 years).
GILTS	Government-Invested Long-Term Securities	A loan to the Government.
GGB	Guaranteed Growth	A single-premium investment that provides a

	Bond	guaranteed income each year, for a specified term (usually 5 years).
GMP	Guaranteed Minimum Pension	Members of contracted-out DB schemes up to 5 th April 1997 could build up this type of pension income. GMP benefits guarantee that individuals would not be worse off than if they had stayed in the state earnings-related pension scheme.
Hang Seng		Hong Kong's main index. (Weighted index of a sample of Hong Kong stocks.)
HIB	High Income Bond	A bond paying a high level of income, based on packages of derivatives.
HICP	Harmonised index of consumer prices	A European-friendly version of CPI.
HMRC	Her Majesty's Revenue & Customs	The government body responsible for the management of taxation and some state benefit payments.
HRP	Home Responsibilities Protection	A system whereby certain categories of individuals received credits towards their NICs and state pension record rather than physically paying the NICs themselves.
HTB ISA	Help to buy ISA	A savings vehicle aimed at those saving for their first home.

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IA	Investment Association	The trade body that represents UK investment managers.
IAR	Introducer Appointed Representative	An IAR exists purely as a non-advice-providing introducer.
IAS 19	International Accounting Standard 19	The updated version of FRS 17. It relates to DB pension schemes and how they conduct their funding checks.
IASB	International Accounting	This is an international standard setting body.

	Standards Board	
ICE	Initial Cash Equivalent	The is the initial 'best estimate' cash value of a DB scheme members benefits. It can be enhanced or reduced by trustees to come up with a final CETV figure.
ICO	Information Commissioner's Office	The ICO is an independent public body, whose main duty is to oversee and enforce compliance of the Data Protection Acts and GDPR.
ICOBS	Insurance: Conduct of Business Sourcebook	A regulator handbook containing rules relating to insurance regulated activities. It covers rules on areas including general insurance, pure protection, and payment protection insurance (PPI).
ICVC	Investment company with variable capital	An alternative term / description for OEIC.
ID	Interest distribution	Distribution from collective investment reporting funds.
IDD	Initial Disclosure Document	This is a document used by a financial adviser, with a Menu, that covers off the individual's terms of business.
IFA	Independent Financial Adviser	A financial adviser giving advice on products across the entire marketplace.
IGC	Independent Governance Committee	Committees required for workplace pension schemes. They ensure that these schemes offer value for money for their members.
IHT	Inheritance Tax	A tax on the estate of someone who has died, including all property, possessions and money. IHT may also be payable on transfers of assets into certain trusts.
ILA	Individual Lifetime Allowance	A higher lifetime allowance for individuals that have registered for primary protection.
IPI	Income Protection Insurance	A policy that will pay a regular income to the individual if they are unable to work due to ill health or incapacity. It provides long-term sickness cover.
IPO	Intellectual Property Office	The UK office where patents, copyrights and ownership rights are registered.
IMD	Insurance Mediation Directive	This directive introduced previously unregulated general insurance business into the regulated world in January 2005.
IMF	International Monetary Fund	This is an international financial institution.
IPI	Income Protection Insurance	A policy that will pay a regular income to the individual if they are unable to work due to ill health

		or incapacity. It provides long-term sickness cover.
IS	Income Support	DWP benefit paid to individuals who are working but on lower incomes.
ISA	Individual Savings Account	ISAs are not a product in their own right. They are a tax-free shelter / wrapper for a variety of other investment types.
ISDX	ICAP Securities and Derivatives Exchange	A growth stock market, specializing in the retail industry. It is sometimes described as 'AIM's little brother'.
IT	Income Tax	The main tax on income in the UK.
ITEPA 2003	Income Tax (Earnings and Pensions) Act 2003	Act of Parliament that governs the rules for taxing income received from Employment, Pension and Social Security.
ITTOIA 2005	Income Tax (Trading and Other Income) Act 2005	Act of Parliament that governs the rules for taxing income received from Trade, Property, Savings & Investments, and other Miscellaneous sources.
IVAs	Individual Voluntary Arrangements	This is an arrangement where an insolvency practitioner negotiates the repayment of loans with creditors , which generally means they accept the fact that they will get less back.

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JISA	Junior ISAs	Long-term, tax-free savings accounts for children.
JMLSG	Joint Money Laundering Steering Group	A UK body made up of leading trade organisations.
JSA	Jobseeker's Allowance	State benefit paid to those that are unemployed but actively seeking work.
JSE	Johannesburg Stock Exchange	Africa's largest stock market (real time and weighted).
KFD	Key Features Document	A KFD, KFI and a KIID are different versions of the same thing. They are used by a financial adviser at a presentation meeting with the client to discuss the
KFI	Key Features	

	Information	product being recommended, how it works, what it will provide and how much it will cost.
KIID	Key Investor Information Document	
KPI	Key Performance Indicators	KPIs measure areas such as the number of complaints or contracts cancelled or not-taken-up (known as NTUs) in a set period. They can help identify any trends that UK regulators would be unhappy with.
LAC	Lifetime allowance charge	A tax charge levied if pension benefits exceed a set threshold at retirement, or in certain cases, death of the member. There are two rates: 25% and 55%.
LAL	Lower Annual Limit	Band used in the calculation of Class 4 NICs.
LBTT	Land and Buildings Transaction Tax	A tax charged in Scotland that replaced the United Kingdom SDLT from 1 st April 2015.
LCH	London Clearing House	A multi-asset class clearing house, serving a broad number of major exchanges and platforms as well as range of 'over-the counter' markets.
LEL	Lower Earnings Limit	Band used in the calculation of Class 1 NICs, which also imposes limits on a variety of pensions, such as state and employer auto-enrolment schemes.
LIBOR	London Inter-Bank Offered Rate	The basic rate of interest used in lending between banks on the London interbank market. Also used as a reference for setting the interest rate on other loans.
LIFFE	London International Financial Futures and Options Exchange	A futures exchange, based in London. Now part of Intercontinental Exchange group following a series of takeovers.
LISA	Lifetime ISA	A tax-free ISA wrapper designed for first-time buyers to use towards a deposit for a residential property, and for later life savings.
LLP	Limited Liability Partnership	An LLP is a hybrid between a traditional partnership and a limited company.
LPA	Lasting Power of Attorney	Creating the broadest range of powers from a donor to an attorney.
LSE	London Stock Exchange	Stock exchange located in the City of London.
LTA	Lifetime Allowance	Another term for the cap on benefits that can be taken from a registered pension scheme without a tax charge.
LTC	Long-Term Care	Care required generally by elderly people due to chronic conditions.

LTT	Land and Buildings Transaction Tax	A tax charged in Wales that replaced the United Kingdom SDLT from 6 th April 2018.
MA	Maternity Allowance	Maternity pay for those who can't claim SMP e.g. low-earners, self-employed or no SMP payment from employer.
MAA	Memorandum and Articles of Association	The legal documents that establish a limited company.
MaPS	Money and Pensions Service	A website aimed at providing generic information on all areas of financial planning, so that clients can make better-informed decisions, designed to be the Single Financial Guidance Body (SFGB) for clients.
MAR	Market Conduct	The FCA rules in relation to acceptable and unacceptable market conduct.
MAS	Money Advice Service	Single UK guidance body, now rebranded as MoneyHelper. Provides generic information.
MCA	Married Couple's Allowance	A tax incentive to get married. It only applies to married couples where either spouse was born before 6 th April 1935.
MCD	Mortgage Credit Directive	This directive introduced further rules in the regulation of mortgages.
MCOB	Mortgage Conduct of Business	Conduct of business applying to mortgage companies.
MCP	Markets Practitioner Panel	An FCA panel made up of financial services markets.
MI	Management Information	This is information provided to the regulator in relation to sales, complaints, not taken up (NTUs) and other such areas. It allows Supervision Division to concentrate on key indicators of how an individual, firm or market are carrying out regulated activities.
MIFID	Markets in Financial Instruments Directive	This is an EU directive mainly about conduct of business and internal structure in a variety of different investment firms.
MIP	Maximum Investment Plan	A 10-year, qualifying savings plan.
MLRO	Money Laundering Reporting Officer	An approved person that is responsible for an authorised firm's procedures to combat financial crime.
MMR	Mortgage Market Review	A regulator review of the mortgage market, carried out by the FCA to improve the protection available to mortgage borrowers. New rules introduced from 26 th

		April 2014 including, amongst other things, more strenuous affordability checks.
MOM	Manager of Managers	An 'external' type of managed investment fund, where an overall manager is appointed, whose job it is to source the best fund managers in each sector.
MPA	Minimum pension age	The minimum HMRC pension age that benefits can be taken (for most individuals in normal health) without being classed as an unauthorised payment.
MPAA	Money Purchase Annual Allowance	A £4,000 annual allowance which is triggered in certain circumstances, above which an annual allowance tax charge will be due.
MPC	Monetary Policy Committee	Part of the Bank of England. The MPC meets monthly to set interest rates, in an attempt to meet the Government's inflationary targets.
MPPI	Mortgage Payment Protection Insurance	These are similar in many respects to PPI but, as the name would suggest, they cover mortgages payments in the event of sickness.
MPT	Modern Portfolio Theory	A theory of investor behaviour: ' <i>Investors are risk-averse and would choose a less-risky investment if they were given the choice of two that offered the same return</i> '. A higher-risk investment would only be chosen if it offered a higher return.
MTA	Marriage Tax Allowance	The ability to transfer a fixed amount of personal allowance to a spouse or civil partner.
MTN	Medium-term notes	Fixed term contracts (similar to bonds) issued by UK or EU banks.
MVR	Market Value Reducer	An adjustment that can be applied to the value of a with-profit policy when monies are taken out of the policy. It is designed to ensure that no one investor is artificially rewarded at the expense of the remaining investors.
MWR	Money-weighted return	A return that takes into account time periods when money hadn't been introduced and/or after it had been withdrawn, during the lifetime of an investment.

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NAE	National Average Earnings	An index that measures the rise in earnings. Often called the NAEI.
NASDAQ	National Association of Securities Dealers Automated Quotations	American share Index (smaller companies).
NAV	Net asset value	The amount available to shareholders if a company or collective investment scheme were to close down, sell all its assets and distribute the balance. It is calculated as the net value of all of the assets (after liabilities) divided by the number of shares or units
NCA	National Crime Agency	A UK body whose role is to bring to justice serious / organised criminals who present the highest risk to the UK.
NEST	National Employment Savings Trust	A pension scheme introduced to meet the requirements of workplace pension schemes and auto enrolment for eligible jobholders.
NIC	National Insurance Contribution(s)	Compulsory contributions made to the UK social security system. Effectively a tax levied on employers, employees and the self-employed.
NIKKEI 225	<i>(Trademark: not an acronym)</i>	Japanese share Index (average of 225 stocks).
NMPA	Normal minimum pension age	The minimum HMRC pension age that benefits can be taken (for most individuals in normal health) without being classed as an unauthorised payment.
NPV	Net Present Value	The value in the present of a sum of money, in contrast to some future value it will have when it has been invested at compound interest.
NRB	Nil-rate band	An IHT band. Transfers up to the NRB can be gifted or left on death free of inheritance tax, subject to cumulation with transfers in the previous 7 years (14 years in some circumstances, but that is generally outside the remit of the Diploma exams).
NRD	Normal Retirement Date	The date an individual is retiring at. This is either selected by the individual or contained in pension scheme rules for an employer-sponsored scheme.
NS&I	National Savings and Investments	Investments provided and guaranteed by the UK Government. f
OBR	Outcomes Based Regulation	This is regulation that focuses on customer outcomes.

OEIC	Open-ended investment company	A collective investment set up as a limited company.
OFEX	Off Exchange	An exchange that deals in the shares of smaller companies not listed on the AIM or the LSEs official list.
OFT	Office of Fair Trading	The body that used to issue licences in relation to giving advice in consumer credit.
OMO	Open Market Option	The ability to 'shop around' when purchasing an annuity, rather than being forced to buy the annuity offered by the current provider.
OPG	Office of the Public Guardian	An office dealing with the various types of 'power of attorney' created by a donor.
OPRA	Occupational Pensions Schemes Regulatory Authority	The old body that used to be responsible for regulating employer-sponsored schemes. The predecessor of The Pensions Regulator.
OPS	Occupational Pension Scheme	A scheme provided traditionally by employer for an employee.
OTC	Over-The-Counter	These are 'committees' formed by market users, to ensure its smooth operation.

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PA	Personal allowance	The amount of income you are entitled to before you start having to pay tax on it.
PAIF	Property authorised investment fund	A property-based investment, that has elected for a tax treatment that moves the point of taxation from the fund to the investor. Only OEICs can qualify as PAIFs.
PAR	Price At Redemption	The fixed value that investors will receive at the end of the term on fixed-interest securities, such a gilts and corporate bonds. Also known as the security's nominal value.
PAS	Personal Accident and Sickness	A short-term, and therefore cheaper, version of income protection insurance.
PAYE	Pay As You Earn	A tax collection arrangement administered by

		employers on behalf of their employees. The employer will deduct income tax and Class 1 Primary NICs from all payments to employees and directors.
PCI	Pension Contribution Insurance	A feature available from 6 th April 2001, where pension premiums are paid by the provider, if the member is sick for longer than a 26-week period.
PCLS	Pension Commencement Lump Sum	A tax advantage of a UK Registered Pension Scheme whereby the pension holder can take 25% tax-free cash subject to certain conditions.
P/E	Price earnings (ratio)	A ratio based on the relationship between the share price and earnings. Used as a comparison between companies in the same sector.
PEA	Personal Expense Allowance	This is a government allowance to cover small, weekly personal expenses of an older individual such as newspapers and toiletries.
PETs	Potentially Exempt Transfers	Transfers made by an individual to another individual, a bare trust or a disabled trust. No lifetime IHT is due at the time of the transfer. If the donor survives for seven years post gift, the transfer becomes an exempt transfer.
PFS	Personal Finance Society	The professional body for the UK financial planning profession. (Currently, the CII are discussing abolishing the PFS).
PHI	Permanent Health Insurance	An alternative name for income protection insurance, as if premiums are maintained the policy is 'permanent'.
PIBS	Permanent interest-bearing shares	A type of corporate bond, issued by building societies and traded on the stock market.
PID	Property Income Distribution	A payment from the tax-exempt element of a REIT.
PIMFA	Personal Investment Management & Financial Advice Association	Formerly the Wealth Management Association amongst other things, PIMFA represent the interests of stockbroking firms which specialise in providing services for individual investors.
PIP	Pension Input Period	The period during which an individual's total pension input is calculated. This is the figure tested against the relevant annual allowance to determine if any tax charge will be due.
PIP	Personal Independence Payment	DWP benefit paid to individuals aged less than 65. The claimant must have been sick for at least three months to claim.
PLA	Purchased life	A product that provides a guaranteed income for life,

	annuities	in exchange for a lump sum.
PLC	Public Limited Company	When a company 'floats' on the London Stock Exchange, it becomes a publicly-owned company (PLC) rather than privately-owned. The company distinction changes from 'Ltd' to 'PLC'.
PMI	Private Medical Insurance	A policy that gives people the option of private medical attention and meets these costs.
POA	Payment On Account	The system used by the self-employed and certain types of directors to pay income tax in instalments.
POA	Power of Attorney	The original type of power (pre Enduring or Lasting POAs) that allowed a donor to grant powers to an attorney. It allowed the attorney to act on the donor's behalf.
POAT	Pre-owned Assets Tax	An income tax charge on the benefit that individuals get from having free or low-cost enjoyment or use of certain assets that individual previously owned; or they provided the funds to buy.
PPF	Pension Protection Fund	A source of compensation, specifically for members of certain defined benefit pension schemes, whose sponsoring employer has experienced a 'qualifying insolvency event'.
PPF	Primary Protection Factor	Factor used with primary protection, to calculate an Individual Lifetime Allowance.
PPFM	Principles and Practices of Financial Management	This is a booklet given by a financial adviser to a client, where they are investing into a with profit fund.
PPI	Payment Protection Insurance	PPI provides protection for the client from an inability to pay back their loan because of accident, sickness and, in some cases, unemployment.
PPP	Personal Pension Plan	A UK government-approved personal pension scheme.
PR	Protected Rights	A pension fund built up from NICs reductions or rebates. The individual must have historically contracted out of earnings-related state pensions through a DC pension scheme.
PRA	Prudential Regulation Authority	A UK regulator responsible for 'safety and soundness' of the top UK firms.
PRC	Prudential Regulation Committee	This is a new committee established in 2016. Its aim is to deliver a simpler and more coherent governance structure within the Bank of England.
PRIN	Principles for	These are eleven principles that apply to individuals,

	Business	firms and markets carrying out regulated activities.
PSA	Personal Savings Allowance	A basic-rate taxpayer can earn up to £1,000 in savings, income tax-free. Higher-rate taxpayers can earn up to £500.
PSB	Perpetual subordinated bond	A type of corporate bond, issued by building societies and traded on the stock market. When a building society demutualises (becomes a PLC and issues shares) it will convert all its PIBS to PSBs.
PSNCR	Public-sector Net Cash Requirement	The difference between government receipts and outgoings is usually a deficit, leading to them needing to borrow money from the public via NS&I and gilts issues. That difference is the PSNCR.
PSR	Payments Systems Regulator	A body that regulates UK payment systems.
PT	Primary Threshold	Band used in the calculation of Class 1 NICs. Also used as a factor in determining the level of state pension that an individual has built up.
PTA	Pension Term Assurance	A pension policy that provides life assurance.
PTM	Panel on Takeovers and Mergers	An independent body, established in 1968, whose main functions are to issue and administer the City Code on Takeovers and Mergers (the "Code") and to supervise and regulate takeovers and other matters to which the Code applies. Its central objective is to ensure fair treatment for all shareholders in takeover bids.
PTM	Pensions Tax Manual	HMRC's manual containing the rules for Registered Pension Schemes.

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QCF	Qualifications and Credit Framework	Most qualifications have been assessed under the Ofqual Qualifications and Credit Framework to establish which level they are examining to.
QE	Quantitative easing	A process where a government 'creates' new money

		and uses it to buy back GILTS from the market (usually from banks).
QIS	Qualified Investor Scheme	Qualified Investor Collective investment scheme that cannot be freely marketed other than to professional investors.
QROPS	Qualifying Recognised Overseas Pensions Scheme	An overseas pension scheme 'recognised' by HMRC.
QSR	Quick Succession Relief	A reduction to the amount of IHT to pay if there is a 'quick succession'; i.e. a recipient of a death estate dies soon after the donor of the death estate.
RAC	Retirement Annuity Contract	Predecessor of personal pension plans, used by the self-employed for retirement planning.
RAR	Rent a room	A tax relief, available to people renting out a room of their main residence.
RAS	Relief At Source	A method of tax relief used by individual pension plans. Basic rate income tax relief is given up-front. Higher or additional rate relief must be reclaimed through self-assessment.
RCP	Registered Civil Partner	Same sex partner with the same legal status as a husband/wife, subject to taking part in a Civil Partnership ceremony.
RDC	Regulatory Decisions Committee	The RDC is the body that will decide on the actions to be taken against the regulated individual, firm, or market that have been investigated for a breach of regulator rules.
RDR	Retail Distribution Review	A review carried out by the now-defunct FSA, in conjunction with the FSSC, to ensure advisers have higher levels of technical knowledge and understanding, raise standards of financial advice, increase consumer confidence in the financial services industry, help align financial advisers with other professionals, attract and retain higher quality recruits to the industry, and heighten the public's general awareness of the important role played by financial advisers.
REITS	Real Estate Investment Trusts	Investment trusts set up as closed-ended companies. listed on the stock market. They provide a liquid market in property investment.
RNRB	Residence nil-rate band	An additional NRB amount available if the deceased's interest in a residential property, which has been his

		or her residence, and is included in the estate, is left to one or more direct descendants on death.
RNUKS	Relevant Non-UK Pension Schemes (RNUKS)	A collective name for both QROPSs and ROPSSs.
ROPS	Recognised Overseas Pensions Scheme	An overseas pension scheme 'recognised' by HMRC.
RPI	Retail Prices Index	An index based on a basket of goods. It has no official or government measurement attached to it, but is still important for many investment plans.
RPIX	Retail Prices Index, Excluding...	RPI without mortgage interest payments.
RPS	Registered Pension Scheme	A pension scheme registered with HMRC that receives maximum tax concessions and treatment.
RPSM	Registered Pensions Schemes Manual	The old HMRC manual for pension scheme rules.
RRQP	Restricted Relief Qualifying Policies	Qualifying policies taken out between the 21st March 2012 and 5th April 2013. These policies are excluded from the £3,600 annual premium limit for qualifying plans.
RTI	Real Time Information	Methodology used by employers for getting information to HMRC.

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S&P Index	Standard & Poor's	American share Index (500 companies, weighed).
S2P	State Second Pension	An earnings-related top-up state pension for employees (not the self-employed) reaching state pension age up to 5 th April 2016. S2P was targeted at low-earners, carers and employees. It replaced SERPS, and was abolished with

		the introduction of the single tier state pension from 6 th April 2016.
SA	Self-Assessment	An annual return to HMRC in relation to a variety of UK taxes including income and capital gains.
SA	Scheme Administrator	The individual responsible for running a Registered Pension Scheme.
SAA	Strategic asset allocation	An approach to asset allocation where, once risk tolerance and time frame are understood, a recommended allocation is devised by creating an allocation of investments that, when combined, should match the long term returns and risk tolerance that the client is aiming for.
SAR	Subject Access Request	This is where a data subject requests information held on them from a data controller.
SBPP	Small Business Practitioner Panel	An FCA panel made up of financial services smaller businesses.
SCDD	Services and Costs Disclosure Document	This is a document that pretty much covers what a Terms of Business letter does.
SD	Stamp Duty	Taxes paid on the purchase of (amongst other items) shares.
SDLT	Stamp duty land tax	A tax on land transactions, due on the individual who purchases the land.
SDRT	Stamp Duty Reserve Tax	Taxes paid on the paperless purchase of shares.
SEIS	Seed Enterprise Investment Scheme	One of four venture capital schemes, offering tax reliefs to individual investors who buy new shares in a company carrying out a new qualifying trade.
SEP	Supervisory Enhancement Programme	This is an FCA programmed aimed at improving the supervision of regulated individuals, firms and markets.
SERPS	State Earnings-Related Pension Scheme	An earnings-related top-up state pension for employees (not the self-employed) reaching state pension age up to April 2002. Discontinued with the introduction of the single tier state pension from 6 th April 2016.
SFGB	Single Financial Guidance Body	This is MaPS (Money and Pensions Service), designed to be one point of reference for financial information.
SFO	Statutory Funding Objective	All DB occupational pension schemes have an objective of having sufficient assets to meet their 'technical provisions' (their liabilities).
SFP	Statement of Funding Principles	A DB scheme document, setting out all the rules in relation to the scheme's funding.

SHP	Stakeholder Pension	A simplified, low-cost type of UK government-approved personal pension scheme, introduced so to offer a low cost, simplified advice process pension to the masses.
SICAV	Societe d'Investissement a Capital Variable	A form of offshore fund.
SIF	Significant Influence Function	These are individuals carrying out an accountable higher management function or any PRA controlled function. So, a 'most senior' category of controlled function or approved person.
SIP	Statement of Investment Principles	A DB scheme document setting out all the rules in relation to its investment strategy and assumptions used.
SIPP	Self-invested Personal Pension	A type of UK government-approved personal pension scheme, which allows individuals to make their own investment decisions from the full range of investments approved by HMRC.
SITR	Social Investment Tax Relief	The government tax benefits for those that invest in social enterprises and certain community projects.
SLA	Standard Lifetime Allowance	A cap on benefits that can be taken from a registered pension scheme without a tax charge. Another term for the LTA.
SLSDBC	Special Lump Sum Death Benefits Charge	A 45% tax charge if a pension lump sum on death is not paid direct to a beneficiary but to a trustee or personal representative.
SM&CR	Senior Managers and Certification Regime	Replaced the Approved Persons Regime for some regulated firms, NOT Appointed Representatives (ARs). Designed to improve accountability and enhance the focus of culture within financial services firms.
SMI	Support for Mortgage Interest	DWP support that pays the interest on a mortgage of up to £200,000, direct to the lender, if the borrower is sick. Classed as a loan rather than a state benefit. The loan will be payable with interest when the house is sold or the mortgage paid off.
SMP	Statutory Maternity Pay	State benefit paid to expectant mothers that are employees, direct from their employer.
SMPI	Statutory Money Purchase Illustration	A type of key features document that shows pension benefits in today's terms rather than future values.
SORP	Statement of Recommended	Sector-driven recommendations on financial reporting, auditing practices and actuarial practices

	Practice	for specialised industries, sectors or areas of work.
SPA	State Pension Age	The age individuals in the UK can access their state pension payments.
SPS	Statement of Professional Standing	A requirement introduced by the RDR. Advisers require a SPS to give advice on pensions, investments and protection.
SRI	Socially-responsible investment	Any investment strategy which seeks to consider both financial return and social good.
SRT	Starting Rate Tax	0% rate of tax that applies to savings income (only to the first £5,000 of taxable income).
SSAS	Small Self-Administered Scheme	A defined-contribution occupational pension scheme, commonly used by directors of small companies.
SSC	Scheme sanction charge	A tax charge on an unauthorised payment paid by the scheme, rather than the member.
SSP	Statutory Sick Pay	Sickness pay paid to employees via their employers, subject to certain conditions.
SYSC	Systems and controls	An FCA sourcebook containing rules and guidance on systems and controls required.

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TAA	Tactical Asset Allocation	An approach to asset allocation where investors or fund managers choose to overweight or underweight asset classes, based on an assessment of the value of the asset.
TAA	Tapered Annual Allowance	Certain individuals will find their AA reduced by £1 for every £2 over set limits – so being 'tapered'. This will increase their chances of paying an annual allowance charge.
T&C	Training & Competence	Requirements concerning the competence of staff within an authorised firm or market.
TCF	Treating Customers Fairly	A regulator initiative to ensure there are fair outcomes between an adviser and a client. This has since been renamed the Fair Treatment of Customers

TEP	Traded Endowment Policy	A policy where the original owner has permanently assigned the product to someone else, in return for a cash payment.
TESSA	Tax-Except Special Savings Accounts	One of a number of tax-free savings accounts announced by the Chancellor of the Exchequer in 1990, intended to be a low-risk complement to the personal equity plan (PEP).
TFC	Tax free cash	The old term for pension commencement lump sum rights. Term still used for the 25% tax-free element when utilising an UFPLS.
THB	Temporary High Balances	A new temporary protection of monies on deposit of up to £1,000,000 for a maximum of 6 months.
TIB	Trustee in Bankruptcy	An individual that assesses a debtor's assets. They will determine if and how these assets can be distributed to creditors.
TMPS	Targeted Money Purchase Scheme	A DC scheme provided by an employer that promised an employee a set level of fund for each year of service.
TOB	Terms of Business	This covers off the initial disclosure between a financial adviser and their client. Can also be called a client agreement.
TOPA	Taxation of Pensions Act	The statute that introduced pension freedoms to the UK from 2015 (passed in 2014).
TOPIX	Tokyo Price Index	Japanese share Index (average of whole market).
TPAS	The Pensions Advisory Service	An independent voluntary organisation. Its key role is to provide information and guidance to the public on all different aspects of pensions, including pension benefits from the state, individual and employer pensions. Being phased out.
TPD	Total and Permanent Disability	A state where an individual cannot live a 'normal' existence due to illness/accident.
TPO	The Pensions Ombudsman	A body that deals with administration and management complaints regarding the running and administration of both individual and occupational pension schemes.
TPR	The Pensions Regulator	This is a regulator overseeing any pension scheme provided by an employer for an employee.
TVA	Transfer Value Analysis	The report produced by the TVAS, which is the old DB pension transfers system.
TVAS	Transfer Value Analysis System	The system formerly used to analyse DB pension transfers and to help determine if this is 'good advice'.
TVC	Transfer Value	The current system for DB transfers advice. It shows

	Comparator	the member how much is needed in today's terms as a lump sum to buy the income they have built up, at retirement. This can then be compared to the CETV on offer.
TWR	Time-weighted return	A return that factors in time periods when new money is introduced, or a withdrawal is made. It is calculated by using the holding period return for each of the time periods between the addition or withdrawal of capital, and then working out the average.

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UAL	Upper Annual Limit	Band used in the calculation of Class 4 NICs which influences the level of earnings-related state pension.
UCIS	Unregulated collective investment schemes	Collective investment schemes that are subject to stringent rules regarding their marketing. Sometimes they can only be sold to certain client types, such as 'professional clients'.
UCITS	Undertakings for Collective Investment in Transferable Securities	A consolidated EU Directive, that allows collective investment schemes to operate freely throughout the EU on the basis of a single authorisation from one member state. EU member states are entitled to have additional regulatory requirements for the benefit of investors.
UEL	Upper Earnings Limit	Band used in the calculation of Class 1 NICs, which influences the entitlement to earnings-related state pension.
UFPLS	Uncrystallised Funds Pension Lump Sum	An option introduced as part of pension freedoms, that allows an individual to access some or all of their uncrystallised pension funds without designating funds to drawdown.
UPC	Unauthorised payment charge	A 40% tax charge, levied on any pension payment classed as unauthorised.
UPS	Unauthorised payment surcharge	A 15% tax surcharge that may be levied on a pension payment classed as unauthorised. The value of the

		payment must be 25% or more of the value of the RPS it originates from.
VAT	Value added tax	A tax paid on the acquisition (purchase) of certain goods and services.
VCT	Venture Capital Trust	A tax efficient UK closed-end collective investment scheme, designed to provide private equity capital for small expanding companies and capital gains for investors.
VULSR	Value of uncrystallised lump sum rights	Tax-free cash entitlement as at A-Day. Used in tax-free cash protection calculations.
VUR	Value of uncrystallised rights	Value of all pension rights as at A-Day. Used in tax-free cash protection calculations.
WAL	Weighted average life	The average time until each £1 of the original loan (mortgage or fixed interest security) is repaid in full. It ignores the interest element of any payments, and just looks at the loan itself. WAL helps demonstrate how long it would take to receive back approximately half of the loan. A lower WAL would have reduced credit risk, as the loan will (in theory) be repaid sooner.
WAM	Weighted average maturity	The average time to maturity of the underlying loans / fixed-interest securities in a fund, weighted according to the current market value of each security.
WOC	Waiver of contribution	A feature available up to 5 th April 2001, where pension premiums are paid by the provider, if the member is sick for longer than a 26-week period.
WOL	Whole of Life	A life assurance policy that lasts for the whole of an individual's life (subject to premium payments being maintained).
WOP	Waiver of premium	An optional policy feature that insures premiums against illness or sickness. Sometimes referred to as WOC (Waiver of contribution).
WRPA 1999	Welfare Reform and Pensions Act	A major financial services statute. It set out key rules, amongst others, relating to bankruptcy and pension assets.