Capital Market Glossary

Abandon:		Where an option holder chooses not to exercise his option.
Absolute Risk:		The volatility of total returns.
Acceptance:		Short-term debt instrument, drawn on a bank for future payments.
Accreting Loan:		A loan where the principal increase in stages as capital is required
Accrued Interest:		Interest that has been earned but not yet paid.
Actuary:		A statistician who calculates risk. Usually employed by an insurance company
Alternative Investment Market	**A.I.M.**	Alternative Investment Market. For small young and growing companies opened by the Stock Exchange in June 1995.
American Depositary Receipt	**A.D.R.**	American Depositary Receipts, see Depositary Receipts
American Style:		An option that may be exercised into its underlying instrument on any business day until expiry.
Amortising Loan:		A loan where the principal reduces in stages as capital is repaid.
Arbitrage:		The purchase or sale of an instrument and the simultaneous taking of an equal and opposite position in a related market, for profit.
Arbitrageur:		A trader who takes advantage of profitable opportunities arising out of pricing anomalies.
Asset Backed Commercial Paper	**ABCP**	A short-term investment vehicle with a maturity that is typically between 90 and 180 days. The security itself is typically issued by a bank or other financial institution. The notes are backed by physical assets such as trade receivables, and are generally used for short-term financing needs.
Asset backed loan		Loan, typically from a commercial bank, that is backed by asset collateral, often belonging to the entrepreneurial firm or the entrepreneur.
Asset Backed Security	**ABS**	A security collateralized by loans, leases, unsecured receivables or installment contracts on personal property, automobiles or credit cards. The cash flow generated by the underlying obligations are used to pay principal and interest to the ABS holders.
At-Market:		An order to buy/sell at the current trading level.
At-The-Money Option	**ATM**	An option with an exercise price at the current Option market level of the underlying. For example, this could be ATMF - At the Money Forward.
Audit:		Inspection of a company's books by independent accountants.
Average Rate Option:		An option where the settlement is based on the difference between the Strike and the average price of the "underlying" over a predetermined period. Also known as Asian options.

Backwardation:		When the spot or near-term price of a commodity is higher than the forward price.
Bankers Acceptance:	**BA**	Bill of exchange acceptance by large banks. B/As bear interest for periods of three to six months. B/As constitute an irrevocable primary obligation of the drawer and of any endorsers whose names appear upon them. B/As primarily serve finance imports and exports.
Basis Point:	**BP(s)**	One hundredth of one percent (0.01%).
Basis Risk:		When relationships between products used to hedge each other change or break down.
Bear Market:		A falling market.
Best:		The broker can buy or sell at the "best" price available at his/her discretion.
Bid:		The wish to buy.
Big-Bang:		October 27th 1986, the stock exchange's new regulations were introduced and the automated price quotation system.
Bilateral Facility		A credit facility or loan granted by a bank to a customer. Bilateral facilities and loans differ from syndicated facilities and loans in that the loans are directly between the borrower and the bank.
Black and Scholes:		The original option pricing model used by many market practitioners, written by Black and Scholes in 1972, (see Scholes - Merton).
Blue Chip		Large established company - in China known as "Red Chips"
Bond Rating:		A rating given to a bond as the likelihood that the borrower will default on the interest and principal payments.
Bond:		A borrower of funds issues a bond stipulating the amount of payments to a lender. Bonds normally Carry a fixed interest rate but may be linked to a floating rate (FRN).
Bookrunner		A syndicated loan bookrunner is the MLA- mandated lead arranger who initially underwrites the loan and organises the syndicate.
Brady Bonds:		Eurobonds issued by the Government of a developing country refinancing it debt to foreign commercial banks, under a Brady-type agreement. The agreement is characterized by introduction of an IMF plan and the opportunity for the creditor to exchange its debt against a set of instruments that compromise various original financial solutions aimed at satisfying both counterparts of the deal. Brady bonds' main features are collateralization, debt reduction, debt-equity conversion, underwriting against new money and options on oil revenues.
Broken date:		A value date that is not a regular forward date.
Broker:		An individual or a firm that acts as an intermediary, putting together willing sellers and willing buyers for a fee (brokerage).

Bull and Bear Bond:		Fixed interest bond, whose value at maturity is dependent on the performance of a stock market index. The issue is divided into two parts: a bull bond and a bear bond. The bull bond's redemption value rises if the market index increases and declines if the index decreases. Conversely, the bear bond has a higher redemption value if the stock market weakens and a lower value if stock prices rise.
Bull Market:		A rising market.
C.P. Commercial Paper:	**CP**	An unsecured IOU issued by large companies and banks.
Call Option:		An option that gives the holder (buyer), the right but not the obligation to buy the underlying instrument at a pre-agreed rate (strike rate) on or before a specific future date.
Callable Bond:		The issuer has the right to redeem the bond at a specified earlier date than the one originally fixed as the final maturity.
Capital at Risk	**CaR**	Capital at Risk.
Capital Growth Bond:		Issue price at par (100%) with redemption at a multiple of that amount.
Capitalisation Issue:		An issue where funds from a company's reserves are converted into shares and offered free of charge to the company's shareholders.
Capped FRN:		Floating Rate Note with a maximum interest rate.
Cash Settlement:		Where a product is settled at expiry, based on the differential between the fixed/guaranteed price and the underlying instrument.
Central Counterparty	**C.C.P.:**	Central Counterparty set up by the Stock Exchange, to remove credit risk when buying/selling shares.
Certificate of Deposit	**C.D.:**	Certificate of Deposit: A tradable deposit issued by banks
Club Loan		A loan where a group of lenders agree to take and hold an asset at the outset of the transaction with no intention of reducing their commitments through subsequent syndication.
Collateralised Mortgage Obligation	**C.M.O.:**	Collateralised Mortgage Obligation: a debt security based on a pool of mortgages
Commodity Finance		Commodity finance aims to provide short-term, self-liquidating finance facilities to a range of trading companies. Facilities may be secured or unsecured.
Compound Option:		An option on an option. The holder (buyer) has an option to purchase another option on a pre-set date at a pre-agreed premium.
Continuous Linked Settlement	**C.L.S.:**	Continuous Linked Settlement: a new way to settle FX and Currency trades through CLS Bank and minimize settlement risk.

Contract for Difference (Equity):	**CFD**	Contract for Difference. A derivative product to trade the price differential over an indefinite time period of a specified number of shares.
Contract for Difference (Oil).	**CFD**	Contract for Difference. A derivative product used to manage the price risk between "dated Brent" and the first front month.
Convertible Bond:		Bond/note, which can be converted for newly, issued shares or bonds at predetermined prices during specified periods of time.
Convertible Rate FRN:		An issue, with carries the option to convert either from an initial floating rate note into a fixed rate bond, or from a fixed rate bond into a floating rate note. This provided ways in which investors and borrowers can speculate and/or hedge against the future course of interest rates.
Correspondent Banks		Correspondent banks are used by domestic banks in order to service transactions originating in foreign countries, and act as a domestic bank's agent abroad. This is done because the domestic bank may have limited access to foreign financial markets, and cannot service its client accounts without opening up a branch in another country.
Counterparty Risk:		When counterparties are unwilling/unable to fulfill their contractual obligations
Coupon Rate:		The fixed rate of interest on a bond.
Covered Warrant:		A warrant issued by a party other than the originator or issuer of the underlying asset.
Covered Writing:		Where an option is sold against an existing position.
Credit Risk:		The uncertainty associated with the financial condition of a company
CREST:	**CREST**	The paperless share settlement system. CREST is operated by CRESTCo and was introduced in 1996
Cross Rate:		The exchange rate for one non US dollar currency against another non US dollar currency, e.g. EUR/JPY.
Daily Official List	**D.O.L.:**	Daily Official List. The daily record setting out the prices of all trades in securities conducted on the Exchange.
Dated Brent:		A physical oil cargo becomes dated when it has been allocated a loading date.
Day Trade:		A position opened and closed within the same trading day.

Debt Management Office	**D.M.O.:**	Debt Management Office. An executive agency of the treasury, responsible for issuing Gilts to fund the Government's borrowing.
Default Risk:		The uncertainty that some or all of an investment may not be returned.
Default:		Failure to perform on a foreign exchange transaction or, failure to pay an interest obligation on a debt.
Depositary Receipts:	**DR**	Certificates which represent ownership of a given number of a company's shares, which can be listed and traded separately from the underlying shares, e.g. ADR's and GDR's.
Derivatives:		Risk management instruments that are 'derived' from the underlying markets (e.g. equity, bonds, FX, commodity). The main derivative instruments are futures, options and swaps.
Discount:		The margin by which the purchase price is cheaper than the redemption price.
Dividend:		The part of a company's profits which is distributed to shareholders, usually expressed in pence per share.
Documentary Credits		A Documentary Letter of Credit (LC) is a written undertaking given by a bank on behalf of an Importer to pay the Exporter a given sum of money within a specified time, providing that the Exporter presents documents which comply with the terms laid down in the Letter of Credit.
Drop-lock Bond:	**DL Bond**	The drop-lock bond (DL Bond) combines the features of both a floating and a fixed rate security. The DL Bond is issued with a floating rate interest which is reset semi-annually at a specified margin above a base rate, such as six-months LIBOR. This continues until such time as the base rate is at or below a specified trigger rate on an interest fixing date or, in some cases, on two consecutive interest fixing dates. At that time the interest rate becomes fixed at a specified rate for the remaining lifetime of the bond.
Dual Currency Bond:		A dual currency bond is a hybrid debt instrument with payments obligations over the life of the issue in two different currencies. The borrower makes coupon payments in one currency, but redeems the principal at maturity in another currency in an amount fixed at the time of the issue of the bonds. The price of the bonds in the secondary market is indicated as a percentage of the redemption amount.
EBITDA	**EBITDA**	Earnings before interest, taxation, depeciation and amortisating. An accounting term for company earning.
End/end:		A transaction for settlement on the last business day of a month against the last business day of a future month.

Equity		The risk-sharing part of a company's capital, usually made up of "ordinary shares".
Euro Commercial Paper	**ECP:**	Euro commercial paper is an unsecured general obligation in the form of a promissory bearer note, issued on a discount or interest-bearing basis by large commercial and industrial organisations. Maturities of ECP range from a few days up to a year, with most 182 days. ECP provides a flexible alternative to short-term finance credit lines with commercial banks and the rate for prime issuers is usually set at a small margin above that offered by prime bank money market securities of comparable maturities.
Euro Depositary Receipts	**E.D.R.:**	Euro Depositary Receipts. A certificate representing ownership of the issuer's underlying shares. The EDR is denominated and quoted in euros.
Euro Medium Term Note	**EMTN**	A flexible medium-term debt instrument that is issued and traded outside of Canada and the United States and requires fixed dollar payments. EMTNs are issued directly to the market with maturities of less than five years and are offered continuously rather than all at once like a bond
Eurobond:		An interest bearing security issued across national borders, usually in a currency other than that of the issuer's home country.
European Style:		An option which may only be exercised on the expiry date (see American style).
Exchange Traded Funds	**E.T.F.:**	Exchange Traded Funds. Known in the USA as Index Shares. Stock Exchange quoted fund portfolios designed either as index trackers (Index Funds) or as managed stock baskets (Actively Managed Funds)
Exchange Traded:		A transaction where a specific instrument is bought or sold on a regulated exchange, e.g. futures
Exchange:		Regulated exchanges include, NYSE Euronext LIFFE, CME, ICE, etc.
Exercise Price/Strike Price		The price at which the option holder has the right to Buy/Sell the underlying instrument.
Exercise:		The conversion of the option into the "underlying".
Exotic Options:		New generation of option derivatives, including, Look-Backs, Barriers, Baskets, Ladders, etc.
Expiration Date:		The last date on which an option can be exercised.
Expiry:		The date after which an option can no longer be exercised.
Export Credit Agency	**ECA**	Private or quasi-governmental institution that acts as an intermediary between national governments and exporters to issue export financing, using "credits", insurance and guarantees. (see ECGD).

Export Credit Guarantee Department	**ECGD**	The Export Credits Guarantee Department (ECGD) is the UK's official export credit agency. (see ECA's)
Fair Value:		For Options, this is calculated by an option pricing model such as that written by Black & Scholes. For Futures, it is the level where the contract should trade, taking into account cost of carry.
Fiduciary Services		Services provided by an individual or a corporation acting in a trust capacity. A bank authorized to do a trust business may act as executor or administrator of estates, guardian of minors, and trustee
Financial Services Authority	**F.S.A.:**	Financial Services Authority. Regulates the financial services industry under the Financial Services and Markets Act 2000.
Fiscal Agent		Person or firm (such as a bank) who, as a fiduciary agent of a principal, services debts, pays rents, distributes dividend payments, etc.
Fixed Interest Securities:		Securities which attract a fixed rate of interest each year.
Floatation:		When a company's shares are issued on the Exchange for the first time
Floating Rate Note	**FRN:**	Floating Rate Note, a bond linked to LIBOR.
Forward Foreign Exchange:		All foreign exchange transactions with a maturity of over 2 business days from transaction date, (see short dates)
Futures:		A futures contract is a contract to buy or sell a standardised amount of an underlying instrument at a future date at a pre-determined price. Trading is carried out on a recognised exchange (LIFFE in the UK).
Gilt:		Gilt-edged securities are debt instruments issued by the UK Government.
Gilt-edged market makers.	**GEMMs:**	Gilt-edged market makers.
Global Depositary Receipt	**G.D.R.:**	Global Depositary Receipt, see Depositary Receipts.
Gross Redemption Yield (GRY):	**GRY**	See Yield to Maturity.
Hedge Funds		Alternative investment funds employing complex trading strategies. Higher risks are compensated by higher returns.
Hedge:		A transaction that reduces or mitigates risk.

Herstatt Risk:		The failure to settle one side of an FX trade by value date Named after bank where this failure occurred in 1974. Also see C.L.S.
Historical Volatility:		An indication of past volatility in the market place.
Holder:		The buyer/owner of an option.
Implied volatility:		The volatility implied by the market price of the option
Index:		A relative expression of the weighted value of a group of securities used as a performance indicator.
Indication only:		Quotations which are not firm.
Insider Dealing:		The purchase or sale of securities (or other financial instruments) by someone who possesses "inside" information, likely to affect the price of the instrument in the market. In the UK such deals are a criminal offence.
Interest Rate Swap	**IRS**	An agreement between two parties to swap payments of interest over a defined period. One party agrees to pay a fixed rate of interest and the other party agrees to pay a floating rate.
In-the-Money Option (ITM):	**ITM**	An option with an exercise price more advantageous than the current market level of the underlying.
Intrinsic Value:		One of the components of an option premium.The amount by which an option is in-the-money.
Investment Trust:		A collective investment fund in the form of a listed company which holds a portfolio of securities on behalf of its shareholders.
Investor Relations	**IR**	A department within a public company that distributes information about the company and its financial performance to existing and potential shareholders.
ISDA:	**ISDA**	International Swaps and Derivatives Association, Many market participants use ISDA swap documentation.
Junk Bond:		High risk, low rated speculative bonds.
L.S.E.:	**LSE**	London Stock Exchange.
Letters of Credit		A document issued mostly by a financial institution, used primarily in trade finance, which usually provides an irrevocable payment undertaking.
Leveraged Buy Outs	**LBO's**	Cash-flow backed lending to large companies that have been acquired by private equity firms
LIBID:	**LIBID**	The London Inter-Bank Bid Rate. The rate where one bank will lend to another.

LIBOR:	**LIBOR**	The London Inter-Bank Offered Rate. The inter-bank rate used when one bank borrows from another. It is also the benchmark used to price many Capital Market and Derivative transactions.
LIFFE:	**LIFFE**	London International Financial Futures Exchange.
Limit Order:		An order given at a certain price.
Liquid Market:		An active market place where much selling and buying occurs with minimal price concessions.
Liquidation:		The closing of an existing position.
Liquidity:		The ease with which an item can be traded on a market.
Listed Company:		A company whose securities have been admitted to the Daily Official List (DOL).
Listing Particulars:		A prospectus which details what the Stock Exchange requires a company to publish about itself and its securities before they can be admitted to the main market.
Loan Market Association	**LMA**	The Loan Market Association (LMA) is Europe's trade association for the syndicated loan markets.
London Clearing House	**L.C.H. :**	The London Clearing House: A central counterparty set up remove credit risk on exchange traded transactions.
London Metal Exchange	**LME**	The London Metal Exchange is the world's premier non-ferrous metals market. The LME offers futures and options contracts for aluminium, copper, tin, nickel, zinc, lead,
Long:		More purchases than sales.
Management Buy Out	**MBO**	A management buy-out (MBO) is the acquisition of a business by its existing management.
Mandated Lead Arranger	**MLA**	A Bank in charge of organising a syndicated loan
Mandatory Quote Period:		The time when market-makers on the LSE's SEAQ and SEAQ International computers are obliged to make firm two-way quotes for the securities in which they are registered.
Market Maker:		An authorised trader, obliged to make firm two-way quotes in financial instruments during trading periods.
Mark-to-Market:		A process whereby existing positions are revalued on a daily basis.
Master Risk Participation Agreement	**MRPA**	see participation agreements
Medium Term Note	**M.T.N.:**	An unsecured note issued in a euro-currency with a maturity of three to six years.

Mezzanine debt		Mezzanine finance is used to describe forms of finance that have characteristics of both debt and equity. They are typically used to finance MBOs or expansion.
Mine:		Where a dealer takes the offer which has been quoted by a counterparty. It must be qualified by the amount.
Monte Carlo simulation		An analytical technique in which a large number of simulations are run using random quantities for uncertain variables and looking at the distribution of results to infer which values are most likely.
Mortgage Backed Security:	**MBS**	Debt security backed by a pool of mortgages.
Naked Option:		An option position taken without having the underlying.
New Issue:		An issuer coming to the market for the first time.
Nominated Advisor:		Compulsory Exchange approved advisor for AIM companies.
Non- deliverable forward	NDF	an outright forward or futures contract in which counterparties settle the difference between the contracted NDF price or rate and the prevailing spot price or rate on an agreed notional amount.
Normal Market Size	**N.M.S.:**	Calculated for each security, based on a percentage of daily turnovers. The percentage is set at 2.5% and intended to represent the normal institutional bargain.
Notice of Exercise:		Notification by telex, fax or phone which must be given irrevocably by the buyer to the seller of the option prior or at the time of expiry.
Offer for Sale		A method of bringing a company to the market. The public can apply for shares directly at a fixed price. A prospectus giving details of the sale must be published in a national newspaper.
Offer:		The wish to sell.
Offtake Contracts		A contract between a producer of a resource and a buyer of a resource to purchase/sell portions of the producer's future production. An offtake agreement is normally negotiated prior to the construction of a facility such as a mine in order to secure a market for the future output of the facility. If lenders can see the company will have a purchaser of its production, it makes it easier to obtain financing to construct a facility .
Open Account Transactions	**OA**	With an open account, the exporter simply bills the customer, who is expected to pay under agreed terms at a future date.
Option:		An agreement between two parties that gives the Holder (buyer), the right but not the obligation to buy or sell a specific instrument at a specified price on or before a specific future date. On exercise the Seller (writer) of the option must deliver, or take delivery of the underlying instrument at the specified price.
Order Book:		Otherwise known as SETS (Stock Exchange Trading System). Introduced on October 20th 1997, the electronic order book automatically executes orders when the bid and offer prices match.

Orders:		Firm order given by a dealer to a counterparty to execute a transaction under certain specified conditions, e.g., Limit order, stop loss order etc.
Ordinary Share:		The most common form of share. Holders may receive dividends on the recommendation of directors. Known in the USA as "common stock".
Origination		The process of bringing a bond issue from conceptual idea to final deal when the bonds are sold, and the finance is raised.
Out-of-the-Money Option(OTM):	**OTM**	An option with an exercise price more disadvantageous than the current market level of the underlying. An Out-of-the-Money option has time value but no intrinsic value.
Outright:		The purchase or sale of a currency for delivery on any date other than spot.
Over the Counter:	**OTC**	A bilateral transaction between a client and a bank, negotiated privately between the parties.
Overnight:	**O/N**	Transaction for settlement tomorrow, taken out today.
Panel on Takeovers and Mergers	**POTAM**	Panel on Takeovers and Mergers. UK regulatory body.
Par:		Where the price is the same at purchase and redemption.
Parri Passu		Pari passu - clauses whereby the borrower agrees that the lender will benefit from any additional guarantees the borrower may give on future loans it raises.
Participation Agreements	**PA**	Participation agreements,banks share equally in the profits and the risk in what is called a pari passu arrangement. Or the lead bank is senior to the other subordinate banks. They generate income for the lead bank and spread risk among the others.
Participation loans		Participation loans are loans made by multiple lenders to a single borrower. "Participations" in the loan are sold by the lead bank to other banks
Point/pip:		The last decimal place of the quotation.
Portfolio:		A collection of securities owned by an investor.
Pre-Export Finance	**PXF**	A trade finance generated lending facility secured by contracts, receivables and charges over the goods sold

Preference Shares:		Normally fixed income shares, where holders have the right to receive dividends before ordinary shareholders. In the event of liquidation preference shareholders rank above ordinary shareholders.
Premium:		The margin by which the purchase price is more expensive than the redemption rate.
Premium-options:		The cost of the option contract. It is made up of two components, intrinsic value and time value.
Price /Earnings Ratio.	**P/E Ratio**	A measure of investor confidence, normally the higher the figure the higher the confidence. Current share price divided by earnings per share.
Price Transparency:		Where a transaction is executed on the floor of an exchange and every participant has equal price.
Primary Market:		The function of a stock exchange in bringing securities to the market for the first time. After issue, the securities trade in the secondary market.
Principal Paying Agent	**PPA**	Agent, usually a commercial bank, authorized by a securities issuer to make principal payments and periodic interest payments to bondholders. The bank, or banks, acting as paying agent charges a fee for this service.
Private Company:		A company which is not a public company and cannot offer its share to the public.
Private Equity	**PE**	PE firms acquire majority equity stakes in companies. PE partners do not usually manage businesses directly, but they do control business strategy
Privatisation:		Conversion of a state-run company to public limited liability status
Put Option:		An option that gives the holder (buyer), the right but not the obligation to sell the underlying instrument at a pre-agreed strike rate (exercise rate) on or before a specific future date.
Recognised Investment Exchange	**R.I.E.:**	Recognised Investment Exchange, meeting FSA requirement.
Registrar:		An organisation responsible for maintaining a company's share register.
Regulatory News Service	**R.N.S.:**	Regulatory News Service. To ensure that price sensitive information from listed, AIM and certain other bodies, is disseminated to all RNS subscribers at the same time.

Repo - Sale and repurchase agreement:	**Repo**	Used by many Central Banks as a method of managing liquidity in the money markets. Banks trade repo's and reverse repo's in many products but mainly bonds and equity.
Revolving Credit Facility	**RCF**	A line of credit where the customer pays a commitment fee and is then allowed to use the funds as and when they are needed.
Rights Issue:		An invitation to existing shareholders to purchase additional shares in the company, normally at a discount.
Ringis		Loan applications
Risk:		The volatility of expected outcomes.
Roadshow		During the bond issuing process, the issuer and issuing bank canvas potential investors, as part of the sales and bookbuilding process.
Rollercoaster Loan:		A loan with both accreting and amortising elements. (See Accreting and Amortising).
Scholes - Merton:		The Nobel prize winning revision of the Black-Scholes option pricing model
SEAQ International:		Stock Exchange Automated Quotation System for international securities.
SEAQ:	**SEAQ**	The Stock Exchange Automated Quotation system for UK securities. A continuously updated computer database containing price quotations and trade reports for UK securities.
SEATS plus:	**SEATS**	Supports the trading of all AIM and listed UK equities whose turnover is insufficient for market makers or SETS.
Secondary Market		The function of a stock exchange in bringing securities to the market for the first time. After issue, the securities trade in the secondary market.
Securities and Futures Authority	**S.F.A.:**	Securities and Futures Authority. The Self Regulating Organisation (SRO) responsible for regulating the conduct of brokers and dealers in securities, options and futures. Now included within the FSA.
Securities Masterfile	**S.M.F.:**	The Securities Masterfile provides up-to-date information on securities traded on UK and International markets.
Senior Debt		Senior debt takes priority over junior (also called subordinated) debt. Junior debt is only repaid with the funds left over after repaying senior debt.
Short dates:		Foreign exchange deals for a broken number of days up to the one month date.
Short:		More sales than purchases.

Sold short:		Someone who has sold a commodity without previously owning it. (Short sell)
Spot Foreign Exchange:	**Spot**	A transaction to exchange one currency for another at a rate agreed today (the Spot rate), for settlement in two business days time.
Spot/next:	**S/N**	Swap transaction for settlement on the second business day against the third business day after the transaction date.
Spread:		The difference between buying and selling rates.
Square:		Purchases and sales of an asset are equal.
Stock Exchange Trading Ststem	**SETS**	Stock Exchange Trading Service. Otherwise known as the "Order Book"
Stock Situation Notice	**S.S.N.**	Stock Situation Notices which contain extensive details of a corporate action.
Stockbroker:		An Exchange member firm which provides advice and dealing services to the public and which can deal on its own account.
Stop Loss order:	**S/L**	Becomes an order at best after a certain rate has been reached or passed or dealt, depending upon the specified conditions previously agreed between the parties.
Strike Price/Exercise Price:		The price at which the option holder has the right to Buy-or-Sell the underlying instrument.
Structured Finance		A service that generally involves highly complex financial transactions offered by many large financial institutions for companies with very unique financing needs. These financing needs usually don't match conventional financial products such as a loan.
Subordinated debt		Senior debt takes priority over junior (also called subordinated) debt. Junior debt is only repaid with the funds left over after repaying senior debt.
Supranational		An organisation that trancends national boundaries. Examples of Supranational Banks are the World Bank, EBRD, EIB that raise finance through international bond issues for global funding programmes.
Swap:		A derivative risk management tool.
Swaption:		An option into a predetermined swap transaction Options can be "payers" or "receivers" on the swap which itself can be American or European.
TechMARK:		Launched November 1999. This market groups together technology companies from across the main market. It has its own indices, the FTSE techMARK 100 and FTSE techMARK Allshare.
Technical Analysis:	**T/A**	A graphical analysis of historical price trends, used to predict likely future trends in the market. Also known as "charts".
Theoretical Value:		The Fair value of a futures or option contract, (see Fair Value).
Time Value:		The amount (if any), by which the premium of an option exceeds the intrinsic value.

Tom/next:	**T/N**	A transaction for settlement on the next business day after tomorrow.
Touch:		The best buying and selling prices available from a market makers on SEAQ and SEAQ International in a given security at makers on SEAQ and SEAQ International in a given security at any one time.
Trade Finance		Finance relating to international trade. Exporters may require pre-payment for goods shipped, while importers need proof of goods shipped. Banks frequently help. See Letters of Credit
Traded Option:		An option contract bought or sold on a regulated exchange.
Treasury Bill:	**T.Bill**	Short-term security issued by the US Treasury.
Treasury Bond:	**T.Bond**	Bond issued by the US Treasury - longer than 10 years.
Trillion:		One thousand billion (12 zeroes).
UK Treasury Bill:		Short-term security issued by the UK Treasury.
Underlying:		An asset, future, interest rate, FX rate or index upon which a derivative transaction is based.
Underwriting:		An arrangement by which a company is guaranteed that an issue will raise a given amount of cash. Underwriters undertake to subscribe for any of the issue not taken up. They charge commission for this service.
Unit Trust:		A collective investment in the form of a trust which holds a portfolio of securities on behalf of the investors who hold units in the trust. Known in the USA as Mutual Funds.
United Kingdom Listing Authority	**UKLA:**	United Kingdom Listing Authority. A capacity assumed by the FSA from the LSE, as the competent authority for listing in the UK.
Universal Stock Futures	**U.S.F.:**	Universal Stock Futures. Quoted on LIFFE, single share futures contracts covering a range of different shares from a number of countries and sectors.
Value at Risk	**VaR:**	Value at risk: a statistical measure used for risk management.
Value today:		Same day value.
Value tomorrow:		Value the next working day or business day.

Volatility:	**Vol**	One of the major components of the option pricing model, based on the degree of "scatter" of the underlying price when compared to the "mean average exchange rate".
VWAP:	**VWAP**	Volume Weighted Average Price, which is calculated by dividing the value of trades by the volume over a given period. A closing 10 minute VWAP is used to calculate set closing prices on the order book.
Warrant:		An option which can be listed on an exchange, generally longer than one year. Many capital market issues have warrants embedded in them.
Writer:		The Seller of an option.
Yard:		One thousand million (billion).
Yellow Strip:		The yellow band on a SEAQ screen which displays the highest bid and the lowest offered price that competing market makers are offering in a security. It is known colloquially as the "touch" or "yellow strip" price.
Yield		The return earned on an investment taking into account the annual income and its present capital value. There are a number of different types of yield, and in some cases different methods of calculating each type.
Yield Curve:		A curve showing interest rates at a particular point in time for securities with the same risk but different maturity dates.
Yield to Maturity:	**YTM**	The annualised rate of return if a bond is held to maturity, often known as Gross Redemption Yield (GRY).
Your Risk:		Quoted rates are subject to change at the risk of the receiver.
Yours:		Opposite to mine. The dealer gives at the bid which has been quoted by the counterparty. It must be qualified by the amount.
Zero Coupon Bond:	**Zero**	Bonds that are sold at a deep discount and pay no interest.