

KEY FINANCIAL TERMS

- Students should use course materials and the internet to familiarize themselves with definitions for all of the terms and concepts listed below.
- A good understanding of these financial terms would vastly improve the chances of a successful final exam.

Business Cycle	Issuers
Monetary & Fiscal Policy	Investors
Market, Credit, Liquidity, Operational Risk	Regulators
Marked to market	TMT Bubble
VAR	NASDAQ
Money Laundering	Consumer, Corporate & Investment Banking
KYC	Capital Markets
Sarbanes-Oxley	Derivatives
Basel II	OTC
Risk Ladder	Primary & Secondary Markets
Front, middle & back office	Bond Underwriting
Long term rating	Risk Premium
Money Markets	Benchmark security
Flight to quality	Yield To Maturity
Risk averse	Par/discount/premium
Asset / Liability	Talon/coupon
Fed Funds	Dirty price
LIBOR	Eurobond
Treasury Bill	Zero coupon bond
Treasury Note	Asset Backed Security
Treasury Bond	Convertible
Repurchase Agreement	Non-investment grade
Banker's Acceptance	Debt origination/ syndicate/trading/sales
Certificate of Deposit	Red herring
Commercial Paper	Due diligence
Smithsonian Agreement	Diversification
G7, G10, G20	Unsystematic risk
OECD	Systematic risk
Direct & Indirect quotation	Forward contract
Spot	Forward price
Forward Outright	Spot price
FX Swap	Long position
Continuous Link Settlement	Settlement date
Transaction risk	Counterparty
Translation risk	Spot market
Market risk	Futures exchange
Settlement risk	Interest Rate Futures Mechanics for hedging
Unit/term currency	

<p>Asian Options</p> <p>Basis Swaps</p> <p>Shareholders rights</p> <p>Equity</p> <p>Common stock</p> <p>Preferred stock</p> <p>Dividend yield</p> <p>Proxy</p> <p>Cumulative voting</p> <p>Straight voting</p> <p>Nonparticipating preferred stock</p> <p>Cumulative preferred stock</p> <p>Adjustable-rate preferred stock</p> <p>Convertible preferred stock</p> <p>Convertible bonds</p> <p>Primary offerings</p> <p>Initial public offering (IPO)</p> <p>Seasoned offering</p> <p>Underwritten offering</p> <p>Underwriter's offering</p> <p>Underwriter's spread</p> <p>Private placement</p> <p>Rights offering</p> <p>Market depth</p> <p>Market breadth</p> <p>Brokered market</p> <p>Dealer market</p> <p>Bid-ask spread</p> <p>Auction market</p> <p>Over-the-counter ((OTC) market</p> <p>NASDAQ</p> <p>Market order</p> <p>Limit order</p> <p>Specialist</p> <p>American Depositary Receipt (ADR)</p> <p>P/E ratio</p> <p>Dividend yield</p> <p>Earnings yield</p> <p>EPS</p> <p>Capital-gains yield</p>	<p>Marking-to-market</p> <p>Margin</p> <p>Open interest</p> <p>Initial margin</p> <p>Maintenance or variation margin</p> <p>Margin call</p> <p>Hedgers</p> <p>Speculators</p> <p>Spread (or straddle)</p> <p>Traders</p> <p>Stock-index futures contracts</p> <p>Basis risk</p> <p>Cross-hedging</p> <p>Short squeeze</p> <p>Forward Rate Agreement</p> <p>FRA mechanics for hedging</p> <p>Interest Rate Swap</p> <p>Credit Default Swap</p> <p>Options</p> <p>Pay out diagrams</p> <p>Strike (or exercise) price</p> <p>Option premium</p> <p>American/European/ Asian option</p> <p>Call option</p> <p>Put option</p> <p>Covered option</p> <p>Naked option</p> <p>In/At/Out of the Money Options</p> <p>Option Delta</p> <p>Time/ Intrinsic value</p> <p>Dow Theory</p> <p>Technical analysis</p> <p>Line, bar & candlestick charts</p> <p>Support/resistance</p> <p>Price & time filters</p> <p>Trend/channel</p> <p>Double top/bottom, Head & shoulders</p> <p>Triangle, pennant, flag</p> <p>Standard, exponential, weighted moving averages</p> <p>Rate of change, Momentum</p> <p>Relative Strength Index (RSI)</p> <p>Slow Stochastics</p> <p>Overbought/oversold, divergence</p> <p>Volume & On-balance volume</p>
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