

INVESTORS AND TRADING GLOSSARY A TO Z

A synthetic dictionary of investors and financial terms may help traders, and above all non-professional ones, to have a good knowledge of stock market vocabulary, stock market analysis, and it's conditions. Then if you want to consult a complete and full glossary of this kind, that can be made up by more than 8,000 terms, you can visit the following links:

www.nasdaq.com/investing/glossary/ ; www.trading-glossary.com/ ; www.traders.com/Documentation/ ; www.investopedia.com/dictionary/ ;

Account Executive - A stockbroker by any other name. More specifically, the term refers to a NASD-registered securities representative, but also is used generically to describe almost any salesperson.

Accredited Investor - Wealthy investors in an, generally maintaining a net worth of at least \$1 million or earning at least \$200,000 per year, with the privilege of investing in risky private stock sales and other securities. The term itself is defined under Regulation D of the Securities Act.

Accumulation - Term used by technical analysts describing a stock whose price is holding steady, thus implying that investors are willing purchase or "accumulate" shares at this price.

Active Market - Term associated with stocks or other securities that trade with a relatively high measure of liquidity, typically exhibited in high volume and narrow spreads; in an active market. It is also a matter of opinion, as one man's active market may be another's illiquid market.

Affiliate - Any person directly or indirectly holding 10% or more of a corporation's outstanding shares -- typically directors, elected officers and immediate family members. As such, they are subject to reporting stock sales and purchases and are restricted from making certain transactions in the company's stock.

Aftermarket - (1) Sometimes called "secondary market," this term refers to the trading in a security after its initial public offering. (2) The term may also be used in reference to trading after regular market hours.

Agency - (1) Term used to describe a security issued by a U.S. Government agency; or (2) a stockbroker buying or selling a security without taking a financial risk (i.e. making a market). In the latter case, the broker simply

handles the transaction between the buyer and seller for a commission.

All or None - (1) Term used to describe a trading order instructing the broker to buy or sell the entire amount of the order in one transaction or not at all; or (2) a condition where an underwriter must sell every share or unit in a security's offering or the issuing company has the right to cancel the entire offering -- in modern underwritings, this condition is seldom imposed.

American Stock Exchange (AMEX) - Founded in 1921 and located in New York, it's the third-largest U.S. stock exchange. While minimum listing requirements are similar to those of the more popular Nasdaq stock market, shares trade on the AMEX in the same "auction" manner utilized by the much larger New York Stock Exchange as opposed to Nasdaq's "market making" methods. In recent years, the AMEX exchange has lost prominence in stock listings and trading volume to both Nasdaq and the NYSE. However, the AMEX has enjoyed gains in trading "derivative" securities such as options and futures contracts.

Analyst - Person or other party that purports to serve as an authority on the evaluation of a security for investment consideration. Most established brokerage firms employ analysts to review stocks and other securities for "buy," "sell" or "hold" recommendations. Many other analysts operate independent of brokerage firms and commonly publish their analysis in newsletters or other publications. However, analyst qualifications run to extremes and many amateurs or biased parties often distribute securities analysis that may be misleading or one-sided.

Annual Report - Publication distributed once each year by public corporations to inform shareholders of company progress and attract potential investors. Most annual reports contain only financial highlights and general business information, but some also include fancy graphics printed on glossy paper -- reflecting a considerable expense outlay. For detailed financial reports and disclosures, all public companies whose shares are listed on the major U.S. stock exchanges are required to file a detailed annual report with the SEC via form 10-K.

Annuity - Contract between an individual and an insurance company, providing lifetime income to the person on whose life the contract is based, in return for either a lump-sum or periodic payment to the insurance company.

Arbitrage - Versatile little word that takes on many

different personalities, but essentially means the act of profiting from a difference in price. For example, arbitrage could apply to buying and selling currencies in different markets to take advantage of price disparities, or it may refer to an investor or market maker buying one stock and then selling it short to profit from the difference between bid and ask prices. (See "Spread")

Arbitration - Two parties agree to settle a dispute by binding themselves to the decision of a third-party referee outside of the courts; frequently used for customer disputes against stockbrokers and their firms.

Ask - The lowest price at which a dealer or market maker will sell a security. (See "Bid," "Offer," "Quote")

Asset - Anything that an individual or a corporation owns. In corporate finance, assets include items of value such as cash, land, equipment and even intellectual properties, and are generally separated on a company's balance sheet into two categories: current assets (those which can be converted into cash within a year or less) and fixed assets (those which are expected to remain fixed for longer than one year).

Asset Financing - Companies borrow money secured by specific assets such as land, buildings or equipment rather than by general obligation. In some respects, this is the corporate equivalent of going to the pawnshop.

Associated Person - Almost anyone who is employed, owns or directs a brokerage firm, including managers and salespersons but generally excluding clerical or administrative personnel.

At the Close - Trade order specifically instructing the transaction to be filled in the last trade for a particular security on a trading day or to be canceled otherwise.

At the Money - "Options speak" referring to a security and an option strike price which are the same. (See "In the Money," "Out of the Money.")

At the Open - Trade order specifically instructing the transaction to be filled in the first trade for a particular security on a trading day or to be canceled otherwise.

Authorized Stock - Maximum number of shares that a corporation may issue through its charter. The corporation must amend its charter or articles of incorporation, usually by vote of approval by a majority of shareholders, in order to increase or decrease this amount.

Automatic Reinvestment - Applying to most mutual funds and about 800 stocks, the vehicle for enacting this strategy in stocks is commonly known as a dividend reinvestment plan (DRIP), which allows shareholders to receive dividends in the form of new shares rather than cash. It works the same way for mutual funds, and most funds offer automatic reinvestment as a choice for investors.

Average Down - When you buy the same security at different times and at sequentially lower prices, in effect you are lowering, or averaging down, your cost per share. For example, if you bought 100 shares at \$18, then 100 shares at \$14, you would have invested a total of 200 shares at an average cost of \$16 per share. Buy another 100 shares for \$10 and your average would drop to \$14 per share. Many investors who are confident in the long-term potential for a particular stock will consider falling prices a buying opportunity and accumulate more shares at lower prices.

Average Life - Average time before a bond is likely to be called or retired, which often is less than the time until the bond matures.

Away from the Market - Trade orders that cannot be executed because they are above or below the current bid or ask. For example, a limit order to sell 100 shares of Microsoft at \$95 when the best or lowest offer is \$89 will not be filled and is said to be "away from the market."

Baby Bond - Bond with a face value of less than the traditional \$1,000.

Back Office - Term which refers to the administrative and clerical departments within a brokerage firm.

Balance Sheet - Key financial statement showing a corporation's assets, liabilities and shareholder capital.

Balanced Fund - Mutual fund that invests in a portfolio balanced between equity, such as stocks, and debt instruments, such as bonds.

Bank Quality - Term describing the highest quality of credit-worthiness by an issuer of bonds or other debt securities; debt rating of BBB or higher by Standard & Poor's or Moody's.

Basis Point - One hundredth of a percent; generally used to describe changes in bond yields. For example, a bond yield that changes from 6.01% to 7.11% is said to have gained 110 basis points.

Bear Market - Popular term describing a period where general market conditions are marked by declining securities prices. (See "Bull Market")

Bear Spread - In options, a strategy employing two contracts designed to profit from a drop in a stock's price.

Bearer Bond - Class of bonds which are not registered in the name of any particular owner, rather they are the property of the party which holds physical possession of the bond certificate. As such, bearer bonds pay interest and principal to whomever "bears" the bond itself, much in the way cash in your wallet is a "bearer" certificate. Bearer bonds are rarely issued any more by U.S. corporations, and are more likely to be the subject of a Hollywood cops-and-robbers script than your portfolio.

Beneficial Owner - Person or party that really owns a security or "benefits" from the ownership. The term is used most often to describe the real, or beneficial owners of securities when those securities are held in "street name" in the person's brokerage or bank account.

Best Efforts - In an underwriting of securities, the term refers to an agreement between the issuer and the underwriter allowing the underwriter to call off the offering if it cannot sell the minimum agreed amount of securities.

Beta - Measurement of the historical volatility of a stock, portfolio or mutual fund relative to the general market as measured by the S&P 500 stock index. A beta value greater than 1.0 represents greater volatility than the general market; less than 1.0 represents less volatility than the general market.

Bid - Highest price at which a dealer or market maker will purchase a security. (See "Ask," "Offer," "Quote")

Big Board - Nickname for the New York Stock Exchange (NYSE).

Block - Transaction involving a large number of shares or other units of a security. Blocks may vary in size depending on the liquidity of the security traded and the number of shares in the block transaction. Often however, blocks are transacted at a discount to the current market as an accepted cost of trading a large number of shares "away" from the market.

Blowout - Slang term referring to a party selling a large number of shares into the market without regard for the demand for shares or potential effect on the market price of

the security.

Blue Chip - Financially strong, established company.

Blue Sky - Refers to securities registration or broker licensing, or the securities regulatory authorities of individual states. For example, if a stock broker in the state of New York has complied with licensing or registration requirements for Florida, Texas and Illinois, then he or she is said to be "blue skied" in those states and may solicit sales from account holders residing therein. Blue sky often is referred to in private placements, IPOs and secondary underwritings to designate the states in which securities may be sold. The term also is frequently used with many securities quoted on the OTC Bulletin Board or the Pink Sheets.

Board of Directors - Persons elected by a company's shareholders to make important decisions such as electing officers of the company. Directors are also considered control persons and as such, are generally restricted from transacting in the company's securities without proper reporting.

Boiler Room - Term often used to describe a brokerage firm or other sales organization where investors are aggressively solicited over the telephone; often associated with high-pressure telephone sales tactics in connection with penny stocks and other risky investments.

Bond - Debt security with a maturity of greater than one year; a corporate IOU. Many different kinds of bonds are available to investors, such as convertible bonds, which may entitle a holder to shares of an issuer's stock. Bond credit-worthiness is commonly rated by Standard and Poor's and Moody's investor services. (See "Baby Bond," "Bearer Bond," "Bond Fund," "Corporate Bond," "Coupon Bond," "Junk Bond," "Zero Coupon Bond").

Bond Fund - Type of mutual fund whose aim is to provide stable income with minimal risk. It may invest in preferred stocks as well as corporate, government or municipal bonds.

Bond Power - Form used to transfer ownership of a bond.

Book Value - Balance sheet measure of a company's net worth. Generally calculated from total assets minus total liabilities, including any preferred shares, and often expressed as a per-share value when divided by the company's number of outstanding common shares. Although used as a measure of a company's fundamental net worth, it may prove

deceptive. A company's assets as expressed on its "books" often includes arbitrary adjustment for depreciation and does not take into account their fair market value if they were to be sold.

Boston Stock Exchange (BSE) - Regional stock exchange where shares of securities often traded on other U.S. exchanges, including NYSE, AMEX and Nasdaq, are traded.

Branch Manager - The person managing a branch office of a brokerage firm and supervising the activities of its affiliated stockbrokers.

Breadth - Comparison of issues traded on a stock exchange on a given day to the total number of issues listed for trading. Market trends are considered confirmed only upon reasonable breadth in the market.

Breakeven - Point at which neither a profit or loss exists. The term is applied in various ways. In options, for example, it is sometimes synonymous with "at the money," whereas "in the money" refers to a potential profit position and "out of the money" a potential loss.

Breakout - Used in technical analysis of securities, referring to a pattern where the price of a security changes significantly, either up or down, from a previous range where the price held relatively steady.

Bridge Loan - Temporary loan used to provide a company with a portion of working capital while arrangements for permanent financing are executed. In initial public offerings, the lead underwriter often will provide a bridge loan to the company, secured by shares of the company's stock. If the IPO is successful, the underwriter will typically be repaid its bridge loan through the sale of the security's shares in the IPO, and often at a much higher price.

Broker - Stockbroker; any person who has been duly registered by the National Association of Securities Dealers and or a state's securities regulation authority to take customer orders or to solicit the sale of a security. Brokers are also called Registered Representatives, as it is most common to become a broker by passing the NASD Series 7 examination.

Broker Loan - Rate of interest charged by a brokerage firm to its customers for securities bought on margin.

Bucket Shop - Slang term for a disreputable brokerage firm that employs high-pressure sales tactics to peddle risky stocks and/or routinely engage in illegal practices,

including holding customer orders until the firm can transact at a price other than the one it reported to the investor.

Bull Market - Popular term describing a period where general market conditions are marked by rising securities prices.
(See "Bear Market")

Bull Spread - In options, a strategy employing two contracts designed to profit from an increase in a stock's price.

Bulletin Board - More correctly called the NASD OTC Bulletin Board (OTCBB), a National Association of Securities Dealers quotation service for "unlisted securities" not traded "over the counter" and not on any of the three major U.S. stock exchanges, therefore, on the Bulletin Board. The OTCBB, Bulletin Board, lists some 7,000 securities of mostly small corporations, some with little or no operating business.

Buy In - A person or institution is forced to buy a security because of an inability to deliver the shares or make "good delivery" from a previous sale of said shares. Buy ins are often associated with short sellers that choose or are forced to buy back underlying shares due to margin requirements or other circumstances. (See "Short Squeeze")

Buy Order - Any request for a broker or other fiduciary to buy a security on behalf of a client.

Buy Recommendation - Analysts or other financial editors publish a recommendation to purchase a security.

Cage - Area in a brokerage office where cashiering activity takes place.

Call - (1) Action where a company redeems a security prior to its maturity date; or (2) a contract to purchase a specific security at a specified price by a certain date. (See "Options")

Call Feature - Feature allowing the issuer to "call" or repurchase certain securities, typically corporate and municipal bonds, at a specified price and/or point in time. For example, XYZ Corp. 6% bonds have a call feature on March 1, 1999, at 105.

Call Price - Price at which a "callable" security may be repurchased.

Callable - Security containing a call feature.

Called Away - Security called by the issuer from a client's

account.

Cancel - Order revoking a previous order to execute a security transaction.

Capital - Accumulated money or goods used to produce income.

Capital Gain - Gain or profit from the sale of assets or securities.

Capital Loss - Loss on capital invested. Individuals who incur a loss from the sale of a security are credited with a capital loss that may be used to offset capital gains for purposes of calculating income taxes.

Capital Stock - All shares, common and preferred, authorized and issued by a company.

Capital Surplus - Amount a security's original purchase price exceeds its par value.

Capitalization - Total value of a company's capital investment, including the amount raised from sale of common stock, preferred stock, bonds and retained earnings. Also refers to a company's "market capitalization," or shares outstanding multiplied by the current share price.

Carry Forward - Asset created from the value of tax losses incurred in previous years and available to be used in future periods to offset taxable income. A corporation with a \$1 million tax-loss carry forward may save as much as \$340,000 in corporate income taxes by using the loss in future periods.

Cash Basis Accounting - Accounting method where all transactions are posted for the amount of cash exchanged instead of accruing income and expenses. (See "Accrual Accounting")

Cash Conversion Cycle - Length of time required for a business to convert raw materials into finished goods, finished goods into sales, and accounts receivable into cash. These factors vary according to the type of industry and scale of production, which varies in turn with seasonality and the rise and fall of sales. The cash conversion cycle is funded by working capital. (See "Working Capital")

Cash Flow - Measurement of cash a company gained or lost during an accounting period and adjusted for any previous accounting for accruals and other non-cash transactions. Calculated as follows: earnings after interest and taxes, less preferred dividend if applicable, with depreciation

added back. It is possible for a company to report an operating profit while incurring a loss of cash for the same period as well as reporting an operating loss while incurring an increase in cash flow.

Certificate - Document issued by a corporation in evidence of ownership or "title" to a security.

Chicago Board Options Exchange (CBOE) - First and largest organized marketplace for trading specific put and call options.

Chicago Board of Trade (CBOT) - Largest exchange for trading of futures contracts, best known for grains and metals futures; parent organization of CBOE.

Chicago Mercantile Exchange - Second largest commodities exchange; best known for futures in agricultural commodities.

Churning - Illegal or unethical practice by a broker or other fiduciary to cause excessive transactions in a client's account to benefit the broker or fiduciary through increased transaction fees.

Clearing Firm - Brokerage firm with the fiduciary responsibility to transfer and receive all securities held or transacted on its own or by corresponding firms. Often, many small and mid-sized brokerages and financial services companies use a clearing firm which acts as the fiduciary for a client's account holdings and transfers while the brokerage firm principally acts as the sales and/or advisory agent.

Close - Time when a marketplace ceases its regular trading activities. The New York Stock Exchange, NASDAQ and other major U.S. stock exchanges close regular trading session at 4:00 pm Eastern time.

Closed-End Fund - Mutual fund that does not accept new investments or withdrawals after its initial formation; essentially acts as a holding corporation for the purpose of investing in other public corporations. The typical closed-end fund trades on a major U.S. stock exchange and is bought and sold in the secondary market in the manner of corporate shares.

Closely Held - Term used to describe when most of the shares of a company's stock are held by a relatively small group of investors.

Closing Quote - Last price quoted for a security at the close of the market.

Commercial Paper - Short-term corporate debt actively traded by institutions. Many mutual funds and money market funds invest in these notes, which may mature in as little as one day, to achieve interest on short-term, liquid investments and cash equivalents.

Commingling - Illegal act of combining securities or other assets of a client's account with those of the brokerage or fiduciary in order to boost the fiduciary's financial status.

Committee on Uniform Securities Identification Procedures (CUSIP) - Group that assigns identification numbers and codes to all securities, to be used when recording all buy and sell orders.

Commodity - Any bulk good traded on a commodity exchange or in the cash, or spot market is referred to as a commodity. Examples of a commodity include metals, grains and meats.

Common Stock - Regular shares of ownership issued by corporations.

Common Stock Equity - Total assets minus total liabilities divided by a corporation's common shares outstanding. Essentially the same as shareholder's equity except in cases where a significant amount of preferred shares is outstanding.

Common Stock Equivalent - Securities which may be convertible into common stock in the future, including warrants, stock options and convertible debentures. Counted as common stock when determining a corporation's value per share on a fully-diluted basis.

Compliance - Refers to the department in a brokerage firm where a watchful eye is supposed to be maintained on all activities regulated by government and self-regulatory organizations. Also, companies that keep up with required SEC filings are said to be "in compliance."

Consumer Price Index (CPI) - U.S. government index of prices for a variety of consumer goods and a widely followed inflation measure for inflation. Example: The CPI, adjusted to 100 in 1983, stood at approximately 162 in March 1998, a 62% increase.

Control Person - Any person employed by a company and in position to control the company's actions, such as a CEO, Chairman of the Board or a large shareholder.

Convertible - Any security which may be converted into units

of another security. Often associated with preferred shares and some debentures, conversion usually is specified in common shares. (See "Fully Diluted")

Cooling-off Period - 20-day period after a company files its prospectus with the SEC, but before its initial public offering. During this period, the company's relations with investors are greatly restricted.

Corporate Bond - Any debt or debenture issued by a corporation.

Corporation - Form of business organization characterized by a state charter or articles of incorporation enabling certain rights separate from its owners. Common features of a corporation include limited liability of the owners, issuance of stock in evidence of ownership, election of directors and officers by vote of shareholders and taxation of the corporation separate to that of the owners.

Coupon - Amount of interest paid periodically by the issuer of a bond or other interest-bearing security.

Coupon Bond - Bond bearing a coupon or paying a periodic distribution of interest. Most bonds are considered coupon bonds.

Cover - Act of purchasing stocks, futures contracts or Forex positions to offset a short position or shorting stocks, futures or Forex position to offset a long position. (See "Covered Option")

Covered Option - Option contract backed by the shares underlying the option. This strategy is commonly used by individuals, mutual funds and other investors to increase the current yield of stocks held and to take advantage of or hedge against unfavorable price declines of the underlying shares. A relatively conservative investment strategy, covered writers risk only giving up future potential profits without taking additional monetary risks.

Crossed Market - Orders for buying and selling stocks are imbalanced to the extent that the highest bid is greater than the lowest offer; shares will not trade until market makers or exchange specialists adjust bids and asks accordingly.

Cumulative Preferred Stock - Preferred shares whose dividends accumulate during periods when they are not paid or distributed to shareholders.

Current Market Value - Current price of an asset or security

if it were to be sold; often used to describe the value of a portfolio of securities held in a customer's account. Assets on the balance sheet are reported at book value or at their original acquisition cost, less any depreciation or write-down. However, some assets, such as real estate, may appreciate in fair market potential and not reflect the current market value if sold.

Current Assets - Assets which normally are converted into cash in 12 months or less, including accounts receivable and liquid investments such as stocks and bonds.

Current Liabilities - Liabilities or debts which come due in 12 months or less, typically including short-term borrowings and the portion of long-term borrowings due in the next 12 months as well as accounts payable and rent due.

Current Ratio - Current assets divided by current liabilities. Fundamental analysis looks at this ratio to determine if a company may have problems meeting its short-term obligations. If the current liabilities exceed current assets, the ratio is less than 1.0 and generally seen as a measure of short-term financial weakness. Conversely, a ratio greater than 1.0 is seen as a measure of short-term financial strength.

Current Yield - Current rate of interest or yield, if a bond or other fixed-income security were purchased at current market prices; calculated by taking the coupon rate and dividing by the security price. Example: XYZ Corp. bonds pay a coupon rate of 8.75% and may be purchased at the current market price of 105, for a current yield of 8.3% ($8.75/105=8.3$).

Custodian - Person or institution acting under authority to direct the investment activities of another party's account; often done in connection with accounts held for the benefit of minors or persons unable to manage their own investments.

Debt Security - Evidence of debt, such as a bond, issued by a corporation, municipality or government.

Deep Discount - Any significant discount from the price of a security. Also used to describe discount stock brokerages which charge commissions far less than what were commonly charged for similar trades only a few years ago. Many of these deep-discount firms apply their lowest commissions to on-line trades made via the Internet.

Default - Occurs when an issuer of a debt obligation fails to make a required payment of interest or principal.

Defensive Strategy Defensive Strategy - Investment method where an investor seeks to minimize the risk of losing principal. Defensive stocks are generally considered to be established companies in industries relatively unaffected by business cycles.

Deficiency Letter Deficiency Letter - SEC notification to an issuer that a prospectus or other contemplated filing needs to be modified before being accepted or made "effective" by the agency.

Delivery Delivery - Act of transferring security ownership or title from a seller to a buyer.

Delivery Against Payment Delivery Against Payment - When payment and delivery of a security transact simultaneously; often occurs with warrants and options exercising.

Depository Trust Company (DTC) Depository Trust Company (DTC) - Self-regulating organization which serves as a central clearinghouse between transfer agents representing issuers of securities and brokerage firms, individual investors and other fiduciaries representing the beneficial owners of securities. The DTC plays a vital role in maintaining the accuracy and safe transfer of securities, not unlike the Federal Reserve in clearing banking transactions.

Depreciation Depreciation - Accounting concept for a decline in the value of an asset because of use or obsolescence.

Dilution Dilution - Reduction in earnings per share of a common stock that occurs when a company issues additional shares.

Director - Person serving on a corporation's board of directors. Directors are considered control persons or insiders for the purpose of fiduciary responsibility and their trading in the securities of the company whose board they serve upon is regulated.

Disclosure - Act of providing appropriate information about a corporation's financial status and other significant operating activity.

Discount - Difference between the price paid for a security and the security's face value.

Fiscal Year - One-year period designated by a company as its annual accounting period. While most companies' fiscal years coincide with the calendar year, it is not unusual for a

company to establish arbitrary dates within a calendar year to begin and end its fiscal year.

Five Percent Rule - NASD rule limiting brokers and market makers from marking up or charging in excess of 5% commission on most stock transactions. However, there are many exceptions to the rule.

Flat - (1) Bond or other fixed-income security traded without accounting for accrued interest; (2) describes a market where the price of a stock and/or its volume have not changed significantly over a period of time; (3) a term stockbrokers and market makers often use when they no longer hold a position in a particular security or account.

Float - Number of a company's shares that are outstanding and available for trading by the public; generally represents shares outstanding less shares restricted to insiders, affiliates, control persons, and individuals holding shares restricted under Rule 144.

Floating - Term often used by brokers to describe the distribution of a new or secondary issue through a public offering.

Floor Broker - Member of an exchange and employee of a member firm who executes orders on the exchange floor for clients; typically, the guys in the noisy, crazy "pits" you see when scenes of stock markets are displayed on TV or film. NASDAQ is an electronic stock market and thus, has no floor brokers.

Floor Trader - Member of an exchange who trades on the floor of that exchange for his or her own account.

Freeriding - Illegal act of rapid buying and selling of a security by a broker without putting up funds for the purchase; also describes illegal withholding of part of a new securities offering by an underwriter for the purpose of selling it later at a higher price.

Front-end Load - Sales charge that is immediately deducted from the purchase price of mutual fund shares. Once quite common, few fund companies still charge front-end loads; most are no-load or have back-end loads that decline as shares are held longer.

Front Running - Attempting to buy or sell securities ahead of an anticipated reaction to news or publicity.

Fully Diluted - Number of common shares outstanding, including all securities that could be converted into common

shares, such as warrants, stock options, convertible bonds and preferred stock.

Fund Family - Group of mutual funds marketed and/or managed under a common brand name or management company. Examples include Dreyfus, Kemper, Fidelity, T. Rowe Price, Franklin/Templeton, etc.

Fundamental Analysis - Investment research method based on benchmark indicators of a stock's value or potential value as measured by the financial evaluation of the stock's underlying corporation. Fundamental analysis of a stock may consider a company's earnings, earnings growth, book value, cash flow, etc. in relation to its share price.

Futures - Derivative security based on the future price of another security or commodity; a futures contract is an agreement to buy or sell a specific amount at a particular price in a specific future month.

Gap - Difference between a stock's price at the opening of a trading day compared to the previous trading day's closing price. For example, if XYZ Corp. opened on Tuesday at 102 5/8 after closing Monday at 99, then it is said that "XYZ gapped up 3 5/8 at the open." Stocks often gap up or down on news released between trading sessions.

General Obligation Bond - Municipal bond secured by the general taxing authority of the issuing municipality rather than from revenues of a specific project or taxing authority.

General Partnership - Form of corporation where all owners share in the profits, losses and management responsibilities. (See "Limited Partnership")

Ginnie Mae - Nickname for the Government National Mortgage Association (GNMA) and securities it issues. GNMA is a wholly-owned U.S. government corporation that underwrites, or invests, in real estate loans and sells mortgage-backed securities to investors to raise monies to fund home and business loans.

Good Delivery - Refers to the successful transfer of a security pursuant to a transaction between a buyer and seller. If a security is sold and the underlying certificate or other evidence of ownership is not properly transferred, then a good delivery has not occurred.

Good till Cancelled Order - Order to buy or sell a security at a limit for an indefinite period of time; often used with limit orders for illiquid securities.

Growth Fund - Mutual fund that invests primarily in shares of growth stocks toward a goal of capital appreciation is referred to as a growth fund.

Growth Stock - Generic term for any stock that appeals to investors seeking appreciation of capital rather than for current income or asset preservation. In spite of the wide range of stocks that sometimes are called "growth" stocks, most investors exclude any stocks that pay significant dividends or are in highly regulated industries such as utilities. Accordingly, companies ranging from Microsoft to small upstarts are often called growth stocks.

Guru - Slang term for any pundit, analyst or financial journalist who regularly publishes opinions, predictions and recommendations about securities or other stock market topics.

Haircut - Trader's term for a discount of the price of a security.

Head and Shoulders - In technical securities analysis, a price-chart pattern resembling the head-and-shoulders outline of a person.

Hedge - Any strategy which involves investing or speculating on a security in contrast to one's primary objective in order to provide a degree of insurance against being wrong, in other words one would 'hedge' the investment. For example, an investor who is heavily invested in common stocks for long-term capital appreciation may want to 'hedge' his investments against a downturn in the overall market by purchasing put options, selling call options, short selling or employing other strategies designed to profit from market downturns.

Hedge Fund - Private investment fund organized to pursue an investment strategy involving uniquely risky investments such as short selling and naked options writing - a 'hedge fund'. The investment fund may 'hedge' a particular investment strategy in a 'hedge fund'. A uniquely risky investment may indicate the groups attempt to 'hedge' such a risk, in the 'hedge fund'. Also may refer to a private or public investment fund or 'hedge fund' whose objective to invest in securities that would potentially profit from a general decline in the stock market, thus offering a 'hedge' or insurance for investors who have significant exposure to declines from their investment portfolios is referred to as a 'hedge fund'. Aggressively managed portfolio can be referred to as a 'hedge fund'. Investment in 'hedge funds' are generally illiquid. 'Hedge funds' are generally unregulated. 'Hedge funds' have been referred to as mutual funds for the

super rich. 'Hedge funds' are typically open to a limited range of professional investors. 'Hedge funds' dominate certain specialty markets.

Hit the Bid - Trader's term used when a seller places market orders with the intention of selling to the highest bidder, regardless of price.

Holding Company - Corporation whose business strategy is to own interests in other, often unrelated, companies. For example, Berkshire Hathaway, chaired by Warren Buffet, is a holding company which owns sizeable numbers of shares in many well-known companies, such as Pepsi and Geico, but has no significant operating business of its own.

Inside Information - Privileged information available only to corporate officers that must be kept confidential until made public. Insiders are prohibited by law from trading on this information prior to making it available to the general public.

Inside Market - Bid or asked quotes between dealers trading for their own inventories; distinguished from the retail market, where quotes reflect the prices that customers pay to dealers. (See "Retail Market")

Insider - Person such as a corporate officer or director with access to privileged company information; sometimes includes shareholders owning 10% or more of a company's stock.

INSTINET - A "fourth stock market" allowing members to display bid and ask quotes and bypass brokers in securities transactions.

Institution - Refers to an organization such as a pension fund, mutual fund or investment trust that invests on behalf of other parties. Since most institutions hold shares for relatively long time periods and uphold a considerable fiduciary responsibility to invest conservatively, many analysts look at the percentage of a company's stock that is held by institutions as a measure of market confidence.

Institutional Investor - Organization such as a pension fund or mutual fund that trades large volumes of securities.

Inventory - Trader's slang for any quantity of security owned at a particular point in time.

Investment Banker - Person or institution that provides early-stage financing for companies, often before going public.

Investment Company - Precise term for a mutual fund, both open-end and closed-end. (See "Mutual Fund")

Investment Company Act of 1940 - Federal law regulating investment companies (i.e. mutual funds).

Investment Grade - High-quality bonds, suitable for conservative investment accounts, with credit ratings of BBB, bbb or higher by Standard & Poor's or Moody's investor services.

Issued Stock - Stock that has been sold to the public.

Issuer - Corporation or municipality offering its securities for sale or the creator of an option.

Japan ETFs - A type of exchange-traded fund that invests the majority of its assets in Japanese equities that trade on local stock exchanges. The performance of Japan ETFs does not correlate to the performance of the underlying index when measured in U.S. dollars, because the change in the exchange rate between the yen and the dollar must be taken into consideration. The performance of Japan ETFs is thus dependent on two things: the performance of the underlying equities and the effect of changing yen into dollars.

Junk Bonds - Low-quality junk bonds, usually purchased for risk-oriented investors because of their high yields, with credit ratings of BBB, bbb or lower by Standard & Poor's or Moody's investor services or better known as Junk Bonds.

Junior Issue - Generally speaking, any issue that ranks lower in claim to another issue in terms of dividends, interest, principal, etc.

Legal Opinion - Opinion by an attorney concerning the legal compliance of a security.

Letter of Intent - Written agreement between two parties stating an understanding to conduct business but, not a binding contract to do so.

Level One - Basic service of the Nasdaq stock market that displays current bid and ask quotes on many over-the-counter stocks.

Level Two - Service of the Nasdaq stock market that displays current bid and ask quotes plus, the bids and asks quotes from all market makers in a particular stock.

Level Three - Service of the Nasdaq stock market that allows

a market maker or registered broker-dealer to enter a bid or ask on the electronic trading system.

Leverage - In an investment context, the act of controlling more than one unit of a security through another device, such as buying stocks on margin, options, warrants, etc., for the purpose of enhancing returns or value. In a corporate context, the relation of debt to equity in a firm's financial capital structure.

Leveraged Buyout - Act purchasing assets or entire corporations through the use of debt. The proceeds from debt borrowings allow a shareholder or a group owning a minority stake in a company the means of acquiring enough stock from other shareholders to gain control of the corporation.

Liability - Any debt or monies owed by a corporation including but, not limited to accounts payable, preferred shares, bank lines of credit and bond issuances.

Limit Order - Order to execute a trade at a specific price is referred to as a limit order. A limit order can help the trader avoid buying or selling a stock at a higher or lower price than they wanted to. A buy limit order can only be executed at the limit order price or lower. A sell limit order can only be executed at the limit order price or higher.

Limited Partnership - A form of incorporation involving ownership by two classes of investors, limited and general partners. In either case, all income or losses of the partnership are passed on to the partners based on each partner's percentage ownership. General partners manage the partnership and limited partners are passive owners. In the 1980's limited partnership interests were commonly sold to investors for their tax advantages and potential for fixed income benefits. However, most limited partnerships are not actively bought and sold in secondary markets and are extremely illiquid investments. (See "General Partnership")

Liquid Asset - Asset that may be easily turned into cash including but, not limited to most stocks, bonds, short-term certificates and money market funds.

Liquidity - Relative measure of how easily a security or other asset may be converted into cash. In stocks, liquidity is often associated with a security's average daily trading volume; the higher the volume, the more liquid the stock.

Listed Stock - Term referring to stocks listed on one of the three major U.S. stock exchanges: New York, American or Nasdaq. Companies whose shares are quoted on the OTC Bulletin Board or the National Quotation Bureau's "Pink Sheets" are

considered "unlisted" stocks.

Load Fund - Mutual fund that deducts a sales charge or "load" from the net asset value of shareholder investments.

Management Company - Company managing a mutual fund or other type of investment trust.

Manipulation - Act of artificially influencing the price of a security by a person or group; often cited in securities fraud cases.

Margin - (1) Difference between the revenues received by a company for its products and services and the cost of producing and selling them (often called "profit margin"); or (2) amount a customer deposits with a broker when borrowing from the broker to purchase securities. Trading on margin allows investors to control or leverage a greater amount of securities with the same cash and thus potentially increase profits. The amount of margin an investor can use is determined by the value of cash and certain qualifying securities in the client's account as regulated by Federal securities laws.

Margin Call - Demand to deposit additional cash and securities into a client's account to satisfy minimum margin requirements set by Federal regulation.

Markdown - Amount by which a dealer decreases the price of a security it pays to a client before selling it to another client. Markdowns are most often associated with stocks that trade over-the-counter. (See "Markup")

Market - Place where products or services are bought and sold or a group of people engaging in such activities but, is often used to describe just about anything associated with the stock market or investing in securities. Also describes the act of creating liquidity in a security or "making a market," the activity of buying and selling securities from a broker dealer's account in order to facilitate a market for others.

Market Capitalization (Cap) - Value of a company as measured by the total dollar value of its common shares outstanding, i.e. stock price multiplied by number of shares outstanding to determine, market capitalization.

Market Order - Order to buy or sell a security at the best available price; often used to ensure the fastest transaction execution but, carries the risk of buying or selling at a price unknown to the client placing the order.

Market Price - Price of a security in the stock, bond or derivative market, or the value of an asset if it were to be sold.

Markup - Amount which a dealer increases the price of a security it owns before selling it to a client. Markups are most often associated with stocks that trade over-the-counter. (See "Markdown")

Matched Order - Illegal practice by one or more parties conspiring to enter identical buy and sell orders to create the appearance of trading. (See "Painting the Tape")

Maturity Date - Date on which a bond or other debt security expires and any outstanding principal is paid to bond holders.

McBillion - Expert day and swing trader, the Place where traders make money

NASDAQ NASDAQ - National Association of Securities Dealers Automated Quotations, the Nasdaq Stock Market. Once an electronic quotation service for OTC Stocks and expressed by its acronym, NASDAQ, the stock exchange known today as NASDAQ or the NASDAQ Stock Market operates as both a quotation service and a stock exchange permitting dealers to trade its listed securities. Nasdaq Stock Market is owned and operated by the National Association of Securities Dealers (NASD).

National Quotation Bureau National Quotation Bureau - Independent company best known for its publication of the NQB Pink Sheets. The Pink Sheets report broker dealers' bids and asks for unlisted securities.

Net Asset Value (NAV) Net Asset Value (NAV) - Value of a mutual fund share calculated by deducting the fund's liabilities from the portfolio's total assets and dividing this amount by the number of shares outstanding. NAV is calculated once a day, based on the closing market price for each security in the fund's portfolio.

Net Assets Net Assets - Difference between a company's total assets and total liabilities as reported in its financial statements.

Net Capital Requirement Net Capital Requirement - Securities Exchange Commission requirement that broker-dealers in securities maintain a maximum 15 to 1 ratio of indebtedness to cash and liquid assets.

Net Earnings Net Earnings - Amount of a company's income

after all expenses have been met; also called Net Income, Net Profit, or Net Loss if the total is a negative.

Net Worth Net Worth - Generic term often used to describe the "net assets" of a person, corporation or other organization.

New York Mercantile Exchange New York Mercantile Exchange - Exchange for futures and commodities contracts.

New York Stock Exchange (NYSE) New York Stock Exchange (NYSE) - Oldest and largest stock exchange in the U.S. Shares of stocks listed on the NYSE trade in an auction-style environment on the exchange floor. Trading in each listed stock is managed by a person called a "specialist" who is responsible for maintaining a balanced market in a particular security.

No-Load Fund No-Load Fund - Mutual fund that does not deduct sales charges from the net asset value of shares purchased by investors. Virtually unknown some 20 years ago, no-load funds have become one of the most popular ways to invest.

Odd Lot Odd Lot - Securities trade made for less than a normal prescribed lot; order for any amount other than a lot rounded to the nearest 100 shares. Many brokers charge an additional fee or limit the types of trading orders they will accept for an odd lot.

Offer - Also called the "ask," it is simply an offer to sell a security.

Offering Date - Date on which a new security is offered to the public, typically via an initial or secondary public offering. (See "Initial Public Offering," "Secondary Offering")

Offshore - Term used for any investor, account or security not domiciled in the United States. Some securities offerings are targeted only to offshore investors under special registration or exemptions.

Open - Refers to the start of a trading day or the initial trade of a particular security at the start of a trading day. "XYZ traded 100,000 shares at the open" means 100,000 shares of XYZ shares transacted in the first trade of that day.

Open-End Fund - Mutual fund accepting new investments or withdrawals. Most mutual funds are open-end funds. (See "Closed-End Fund")

Open Interest - Total number of unexercised contracts for a

particular option or futures contract.

Option - Contract to buy (call) or sell (put) a certain number of shares of a security (usually a stock) at a specified price for a specified period of time.

Option Series - Entire group of options contracts associated with a particular underlying security.

Options Prices Reporting Authority (OPRA) - Self-regulatory agency which sets the strike prices, expiration dates and ticker symbols for listed stock options and reports options prices.

Order Order - Instruction for a broker or dealer to buy or sell a security or commodity.

Out of the Money Out of the Money - Term used in options trading to describe a client's position that would result in a loss if exercised at a particular point in time. (See "At the Money," "In the Money")

Outstanding Stock Outstanding Stock - Stock in the hands of the public; issued stock minus treasury stock (stock reacquired by the issuing company).

Over The Counter (OTC) Over The Counter (OTC) - Any security not listed or traded on an organized exchange; popularly refers to an issue failing to meet listing requirements of the New York or American stock exchanges and quoted only on the OTC Bulletin Board or the NQB Pink Sheets.

Overbought Overbought - Analyst's opinion that more and stronger buying has occurred in a market or a specific stock than its fundamentals normally would justify.

Oversold Oversold - Analyst's opinion that more and stronger selling has occurred in a market or a specific stock than its fundamentals normally would justify.

Overvalued Overvalued - General term used to describe a company's stock whose current price does not appear to be justified by a fundamental analysis of the company.

Paper Paper - Slang term referring to any quantity of a security; likely derived from stock certificates which are, of course, printed on paper.

Par Par - Nominal or face value of a security. Although par value once represented a company's original investment behind each share of stock, today it is usually an assigned amount

(typically one-tenth of a cent per share or \$0.001) used to compute the dollar value of common shares on the balance sheet. The use of par is more relevant in bonds and preferred stock, as the interest paid on a bond and the dividends paid on preferred shares are normally based on a percentage of par.

Partial Delivery - Incomplete delivery of securities. For example, a partial delivery has occurred if 100,000 shares of XYZ Corp. were to be delivered but, only 50,000 shares are actually delivered.

Penny Stock - General term most often referring to small or "micro-capitalization" stocks trading for less than \$1 a share, although heavy promotion may lift prices temporarily higher. The Securities and Exchange Commission in effect, defines penny stocks through its regulations of broker sales practices where brokers are restricted from soliciting most unlisted stocks trading for less than \$5 a share. Penny stocks by any definition should always be considered extremely speculative investments and not suitable for conservative accounts.

Philadelphia Stock Exchange - Regional stock exchange where a limited number of securities are bought and sold in the "third market."

Piggyback - Rights given to an investor or group of investors to register previously unregistered securities in the event of another registration by the issuing firm.

Pink Sheets - Publication of the National Quotation Bureau reporting bid and ask prices quoted by market makers for unlisted stocks. Once heavily used by investors and brokers trading unlisted stocks, the Pink Sheets have been largely replaced by the OTC Bulletin Board and its popular real-time electronic dealer quotation service.

Plus Tick - Term describing a trade in a security that was executed at a higher price than the previous trade; same as "Up Tick."

Portfolio - Generic term describing the collective securities holdings of an individual, group, institution or mutual fund.

Position - Refers to an investor's long or short holdings of a particular security.

QQQQ - Formerly the QQQ, this is the ticker symbol for the Nasdaq 100 Trust, which is an ETF that trades on the Nasdaq. This security offers broad exposure to the tech sector by tracking the Nasdaq 100 Index, which consists of the 100

largest and most actively traded non-financial stocks on the Nasdaq. It is also known as "cubes" or the "quadruple-Qs".

Quarterly Earnings Report - A quarterly filing made by public companies to report their performance. Included in earnings reports are items such as net income, earnings per share, earnings from continuing operations and net sales. These reports follow the end of each quarter. Most companies file in January, April, July and October.

Quote - Price at which the last sale and purchase of a particular security or commodity occurred often referred to as a Stock Quote for stocks on the stock market.

Red Herring - Preliminary prospectus which has not been approved by the Securities and Exchange Commission.

Registered Investment Advisor (RIA) - Person or firm registered with the SEC as a professional advisor. Most RIAs manage a client's portfolio for a fee based on the value and/or performance of the portfolio. By contrast, a stockbroker earns a fee or commission from transactions in a client's account. RIAs and brokers are not permitted to charge both a management fee and a transaction fee.

Registered Representative - A stockbroker by any other name. The term comes from the National Association of Securities Dealers, which certifies and regulates brokers and refers to them as registered securities representatives.

Registration - Process where securities that are to be sold to the public are reviewed by the Securities and Exchange Commission.

Regulation A - Body of regulation under the Securities Act of 1933 allowing corporations to sell their own securities in a public offering without the assistance of a brokerage firm or underwriter.

Regulation D - Body of regulation under the Securities Act of 1933 pertaining to the issuance or sale of private and unregistered securities. Regulation D generally restricts such sales to qualified institutions and individuals who can demonstrate a high tolerance for risk.

Regulation S - Exemption where corporations can issue unregistered securities to qualified foreign investors and foreign institutions. While commonly used under ethical circumstances, abuse of Regulation S has been common in penny stock fraud due to the preference exemption from restrictions on secondary trading that shares issued under Regulation S

are afforded. Shares issued under Regulation S may be freely sold or traded after 40 days of their issuance.

Reinvestment - Act of purchasing additional shares in a mutual fund or stock that pays dividends or capital gains instead of receiving such distributions in cash.

Restricted Stock - Shares of stock which are restricted from trading in the secondary market.

Retail - Trade in which a client buys or sells an over-the-counter stock through a broker-dealer. (See "Wholesale")

Retained Earnings - Portion of corporate earnings not distributed to shareholders in the form of a dividend or otherwise; recorded on a company's balance sheet and reflect an increase in shareholder equity.

Retire - Termination, recall or elimination of a security. In bonds, the term often refers to repayment of the bondholders' principal and interest. Once repaid, the bonds are then retired and no longer trade as securities. In stocks, companies sometimes buy back shares outstanding, then simply retire or cancel those shares, thus reducing the number of shares outstanding.

Return On Equity (ROE) - Amount of earnings a company generates from its reinvested earnings; net income divided by stockholders' equity, expressed as a percentage.

Sales Charge - Dollar amount charged to or deducted from an investment for payment of sales commissions to a broker. In load mutual funds, sales charges are normally deducted from the net asset value of shares purchased. In offerings, sales charges are reflected in reduced proceeds to the issuer.

Sallie Mae - Student Loan Marketing Agency, a quasi-government organization which issues securities to fund the U.S. government-guaranteed student loans.

Schedule 13D - Report filed by insiders or control persons desirous of selling shares in a public corporation.

Seat - Figurative term referring to membership in the New York or American stock exchanges or one of the various commodities exchanges.

Secondary Offering - Public sale of previously issued securities held by large investors, usually institutions or corporations. In a new issue or primary offering, the seller is the issuing corporation. (See "Initial Public Offering,"

"Public Offering")

Securities Act of 1933 - Principal body of Federal law regulating the securities industry. The Act primarily requires the full and fair disclosure of all material information about the issuance of new securities.

Securities and Exchange Commission (SEC) - Agency of the U.S. government, created and empowered by the Securities act of 1933 and the Securities Exchange Act of 1934, responsible for enforcement of federal securities laws in the United States.

Securities Exchange Act of 1934 - Federal law, subsequent to the Securities Act of 1933, further regulating the securities industry and creating the Securities and Exchange Commission to enforce securities laws.

Securities Investors Protection Corporation (SIPC) - Government-established insurance agency which insures investors' accounts against loss from bankruptcy by a brokerage firm. SIPC does not, however, insure against loss from investment risk.

Security - Any instrument, debt or equity issued by a corporation to investors for capital or other consideration and providing evidence of ownership or claim to said instrument.

Self-Regulatory Organization - Organization which regulates the activities of its members, such as the National Association of Securities Dealers and the American and New York stock exchanges.

Sell Order - Any request for a broker or other fiduciary to sell a security on behalf of a client, is referred to as a 'sell order'. A 'sell order' is normally a limit order to sell a security at a specific, 'sell order' price. A 'sell order' on a short sale accompanied or bracketed by a buy stop order above the entry price of the sell order and a buy limit order below the entry price of the sell order is referred to as a bracketed 'sell order'.

Stock - Ownership of a corporation indicated by shares, which represent a piece of the corporation's assets and earnings.

Stock Index Futures - A futures contract traded that uses a market index as the underlying instrument. Typically, the value of the contract is \$500 times the underlying index. The delivery mechanism is usually cash settlement.

Stock Picking - A situation in which an analyst or investor

uses a systematic form of analysis to conclude that a particular stock will make a good investment and, therefore, should be added to his or her portfolio. The position can be either long or short and will depend on the analyst or investor's outlook for the particular stock's price. Stock picking can be a very difficult process because there is never a foolproof way to determine what a stock's price will do in the future.

Stop and Reverse (SAR) - A stop that, when hit, is a signal to reverse the current trading position, i.e., from long to short. Also known as reversal stop .

Stop Loss - The risk management technique in which the trade is liquidated to halt any further decline in value.

Stop-Running - After a trend, the market will enter into a trading range and have a tendency to trade to levels where stop-loss orders have been placed.

Stops - Buy stops are orders that are placed at a predetermined price over the current price of the market. The order becomes a "buy at the market" order if the market is at or above to the price of the stop order. Sell stops are orders that are placed with a predetermined price below the current price. Sell-stop orders become "Sell at the market" orders if the market trades at or below the price of the stop order.

Straddle - The purchase or sale of an equivalent number of puts and calls on an underlying stock with the same exercise price and expiration date.

Strange Attractor - A balance point between a set of conflicting forces.

Strangle - The purchase or sale of an equivalent number of puts and calls on an underlying stock with the same expiration date but a different exercise price. Usually, the put has a low strike price and the call has a higher strike price.

Street Name - Stock ownership in which shares are registered to a brokerage or other financial institution and held.

Strike Price - The price per unit at which the holder of an option may receive or deliver the underlying unit; also known as the exercise price .

Strips - An option strategy in which an investor buys one call and two puts on the same underlying security with the same exercise price and expiration date.

Struck - The price at which an exercised option delivers the underlying securities.

Student - The pseudonym for Irish chemist W.S. Gosset, who published "The Probable Error at a Mean" under that name in 1908.

Sum of Squared Residuals (SSR) - Measure related to the R-squared value and the smaller the number, the higher will be the R-squared, and the better the regression.

SuperDot - NYSE execution technology.

Support - A historical price level at which falling prices have stopped falling and either moved sideways or reversed direction; usually seen as a price chart pattern.

Support Line - On a chart, a line drawn indicating the price level at which falling prices have stopped falling and have moved sideways or reversed direction.

Swaps - The sale of one security to purchase another with similar features.

Swing Chart - A chart that has a straight line drawn from each price extreme to the next price extreme based on a set criteria such as percentages or number of days. For example, percentage price changes of less than 5% will not be measured in the swing chart.

Swings - The measurement of movement of the price of a tradable between extreme highs and lows.

Synergistic Market Analysis - Also known as synergistic analysis . An analytical method that merges technical and fundamental analysis with an emphasis on intermarket analysis.

Synthetic Securities - Security created by buying and writing a combination of options that imitate the risk and profit profile of a security.

Tick - Measurement of the movement in a stock price. (See "Up Tick," "Down Tick")

Ticker Symbol - Letter-symbol assigned to a particular security as a universal identifier. The New York and American stock exchanges use one, two or three letters to identify most securities while Nasdaq and the OTC Bulletin Board use four character base symbols. Many symbols are also assigned a symbol suffix to denote special status or class. Ticker

symbols should not be confused with stock name abbreviations that are often used in the stock tables in newspapers.

Tight Market - Market in general or for a security that is characterized by a narrow spread between the bid and ask as well as a relatively narrow price range of trading.

Tombstone - Advertisement placed in a publication of mass distribution such as The Wall Street Journal, to announce an offering, underwriting, merger, acquisition or other matter of record affecting a class of securities of one or more issuers. A tombstone may be placed as a matter of public record as required by law in an underwriting or in a non-requisite circumstance where the advertiser simply uses it to boast of recent accomplishments.

Total Return - Annual return on an investment as measured by the sum of any appreciation plus all dividends, interest and reinvested gains.

Trade - Any purchase or sale of a security.

Trader - Generic term used to describe a professional stock trader of a brokerage firm or any other investor who frequently buys and sells securities in the hope of gaining from short-term price changes rather than long-term capital appreciation.

Trading Authorization - Document giving a broker or other fiduciary the power of attorney to trade in a security for a customer.

Transfer - Generic term used to describe a change in the registration of ownership of a security or in a client's account.

Transfer Agent - Fiduciary company, often a commercial bank, entrusted to maintain records of stock and bond ownership, to issue and cancel certificates, and resolve problems arising from lost, stolen or destroyed certificates.

Treasury Bill - Short-term bond, with a maturity of one year or less, issued by the U.S. government.

Treasury Bond - Long-term debt instrument, with a maturity of 10 years or longer, issued by the U.S. government.

Treasury Stock - Stock issued by a corporation and held or owned by the corporation for its own account. Treasury stock is issued but not outstanding, non-voting and pays no dividends.

Trend - Generic term used to describe any consistent pattern in the condition of a stock, market or industry.

Triple Witching - Occurring on the third Friday of March, June, September, and December, it is the date on which many options and futures contracts on indexes simultaneously expire. Triple Witching day sometimes causes market volatility from frenetic computer or program trading.

Turnaround - Situation where a company's business operations have improved after a period of decline.

Undervalued Stocks - Opinion that a stock is priced below its perceived market value, referred to as undervalued stocks or that an asset is priced below its liquidation value.

Underwriter - Investment banker, whether an individual or syndicate, who purchases a new issue of securities from an issuer and distributes it to investors; a profit is made on the underwriting spread.

Underwriting - Act of financing a company through the sale of its securities in an initial or secondary offering.

Unissued Stock - Shares of stock of an issuer which have been authorized but, not distributed through an underwriting or other means.

Unit - In general, any division of a quantity accepted as a standard of measurement or exchange. In finance, the term refers to any definable segment (division, subsidiary, product line, etc.) of a company, or a measurement of sales or production according to quantity rather than dollars. In securities, the term refers to any minimum quantity acceptable for trading, or one share of stock or one bond in primary or secondary distributions of securities, or more than one class of securities traded together. In an underwriting, for example, a typical unit may be comprised of one or more shares of the issuer's common stock plus a combination of warrants, preferred shares or other securities.

Unlisted Security - Security which is not listed for trading on one of the New York Stock Exchange, American Stock Exchange, or Nasdaq. Unlisted securities normally trade over the counter and their prices are usually quoted via the OTC Bulletin Board system or in the NQB Pink Sheets.

Unsecured Debt - Obligation of a person or corporation not secured by any specific assets.

Up Tick - Term describing a trade in a security that was executed at a higher price than the previous trade; same as "Plus Tick."

Upside Down - Slang term for a position in a security or asset where the holder may experience a loss if the security or asset is liquidated.

Venture Capital - Generic term referring to early-stage investment capital, often invested prior to a company becoming public; an important source of financing for startup companies.

Volatility - Characteristic of a security, commodity or market to rise or fall sharply in price within a short-term period, is referred to as having volatility.

Volume - Total number of stock shares, bonds or futures contracts traded in a particular period.

Wall Street - Common name for the New York City financial district located in the lower portion of Manhattan (and also the name of an actual street in the area) where the New York and American stock exchanges and many brokerage firms are headquartered. It is also a generic term for anything associated with investing or the stock market.

Wash - Purchase and sale of the same security either simultaneously or within a short period of time. Wash sales taking place within 30 days of the underlying purchase do not qualify as tax losses.

When Issued - Term refers to a security offered for sale in advance even though it has not been issued. New issues of stocks and bonds, stocks that have split and Treasury securities are all traded on a when issued basis.

Wholesale - Trade in which a broker-dealer buys an over-the-counter stock from another broker-dealer. (See "Retail")

Windfall Profits - Sudden, unexpected profit caused by events not controlled by the beneficial person or company. For example, oil companies and their shareholders in the 1970s earned windfall profits because of oil prices increases.

Wire House - Brokerage firm whose branch offices are linked by communications systems that permit the rapid dissemination of financial information and quotations.

Working Capital - Funds invested in a company's cash, accounts receivable, inventory and other current assets.

Internal sources of working capital include retained earnings and operating efficiencies; external sources include short-term borrowings and equity financing not channeled into long-term assets. Working capital finances a company's cash conversion cycle. (See "Cash Conversion Cycle")

Workout Quote - Quotation in which a brokerage firm estimates the price that it believes it can obtain if given reasonable time to enter the market and find the stock to buy or sell.

Writer - Seller of put option and call option contracts, obligated to buy or sell the underlying security at a predetermined price by a specific date if the option is exercised.

Yield - Rate of return on an investment, expressed as a percentage of the current price. (See "Current Yield," "Dividend Yield," "Nominal Yield," "Yield to Maturity")

Yield Curve - Graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with a range of maturities. The resulting yield curve is considered positive if short-term rates are lower than long-term rates, which is normally the case. The yield curve is considered negative or inverted, if short-term rates are higher. Analysts study yield curves to predict the direction of interest rates.

Yield to Maturity - Rate of return on an investment that accounts for the cash difference between a bond's acquisition cost and its maturity proceeds, as well as interest received from owning the bond. The concept is used to determine an investor's rate of return if a bond is held to its maturity date.

Zero Coupon Bond - Bond that makes no periodic interest payments but instead is sold at a deep discount from its face value.

Zero-Minus Tick - Sale made at a price equal to the price of the last sale but lower than the last different price.

Zero-Plus Tick - Sale made at a price equal to the price of the last sale but higher than the last different price.