Crypto Dictionary

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Tags	Crypto

Cryptocurrency is almost a second language to many people. The following below are a mixture of cryptocurrency specific terms, common investing terms, and general slang terms you may come across during searches. Understanding these terms will make reading, researching, and interacting with individuals in the crypto space less of a head ache.

- **APY:** Annual percentage yield is compounding interest rate, based on a compounding 1-year period.
- **Deposit APY:** The annual promised interest rate for an asset on a lending & borrowing protocol.
- **Borrow APR:** This is the annualized interest rate of a cryptocurrency or stable coin loan. If you borrow $100 worth of Ethereum, at a 5% APR, you will have to pay back $105 in 1 year.
- **Stable APR:** An interest rate on a loan that is fixed and will not change during the loan period.
- **Variable APR:** An interest rate on a loan that will fluctuate throughout the loan period.
- **All-Time-Low (ATL):** The lowest price point a cryptocurrency has ever reached to date.
- **Total Value Locked (TVL):** The dollar value of all cryptocurrencies currently locked into smart contracts.
- **All-Time-High (ATH):** The highest price point a cryptocurrency has ever reached to date.
- **Altcoin:** Every cryptocurrency besides Bitcoin (& Ethereum some argue), is considered an alternative or 'alt' coin Bitcoin was the only cryptocurrency on the

market for many years, and that is why when new ones appeared they received this nickname.

- **Airdrop:** The sending of free tokens to trades. Usually found in the form of project marketing and promotions.
- **Atomic Swap:** The exchange of one cryptocurrency to another without needing an exchange or middle man.
- **Arbitrage:** Arbitrage is when a trader purchases an asset on one exchange and sells it on another to profit from the deviation of prices between the two.
- **Automated Market Maker (AMM):** is a type of decentralized exchange (DEX) protocol that relies on a mathematical formula to price assets. Instead of using an order book like a traditional exchange, assets are priced according to a pricing algorithm. (Binance)
- **Bag:** Slang for what currency a person is currently holding. ("I've got ETH bags").
- **Bear Market:** This term describes a market which is continuously trending downward.
- **Bull Market:** The term bull market refers to a positive trend in the prices of a market.
- **Blockchain:** This is the core technology behind cryptocurrencies. Some people argue that the technology behind crypto currency has more value than Bitcoin itself, because it can be used on countless future projects. The basic idea of blockchain to organize payment transactions and information in organized data blocks. Easy for computers to read. Then connect these blocks in a chain using cryptography to send the send or store the message/transaction.
- **Bitcoin:** is a decentralized digital currency. It is the first and most famous cryptocurrency, having being launched in 2009 by an unknown person or organization under the pseudonym Satoshi Nakamoto. The main goal of Bitcoin is to create a currency that doesn’t rely on a central authority or government, as this feature should give it many benefits, including lower transaction costs.
- **BTC Dominance:** The ratio of Bitcoin's market cap compared to the rest of the entire cryptocurrency market cap.

- **Consolidation:** Consolidation in technical analysis refers to an asset oscillating between a well-defined pattern of trading levels. Consolidation is generally interpreted as market indecisiveness that ends when the asset's price moves above or below the trading pattern.
- **Cryptocurrency:** a digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by a centralized authority.
- **CT:** This abbreviation is used when referring to the crypto currency community on Twitter.
- **CEX:** Centralized Exchange. The concept of centralization relates to the distribution of power and authority in an organization or a network. When a system is centralized, it means that the planning and decision-making mechanisms are concentrated in a particular point within the system
- **DEX:** Decentralized Exchange. An exchange which does not require users to deposit funds to start trading and does not hold the funds for the user. Instead, users trade directly from their own wallets. Peer-to-peer transactions without needing a middle-man. (example: Uniswap)
- **DeFi:** Bringing real-world financial services such as interest earning accounts, borrowing & lending, currency exchange, etc... to the blockchain via decentralized applications.
- **Decentralization:** This is perhaps the most important characteristic of Bitcoin and other cryptocurrency projects. By not having a central authority (i.e. by being decentralized) cryptocurrencies have advantages over fiat currencies and other payment methods. Those advantages include a limited monetary supply (which can make the value of the cryptocurrency increase over time) and, in theory, lower transaction costs.
- **Decentralized Applications (DApps):** Applications that run on a distributed, peer-to-peer blockchain, such as Ethereum.
- **DYOR:** Stands for 'Do Your Own Research'
- **Dollar Cost Averaging (DCA)**: An investment strategy to accumulate cryptocurrencies or assets by purchasing weekly or monthly, no matter what the price is.

- **Derivative**: A financial instrument deriving its asset from an underlying asset.
- **Ethereum:** Currently Ethereum is the second largest cryptocurrency by market capitalization. The goal of this project is to allow programmers to easily create smart contracts (see below) as if they were writing a simple computer software.
- **ETH Dominance:** The ratio of Ethereum's market cap compared to the rest of the entire cryptocurrency market cap.
- **ERC-20 Token:** A cryptocurrency token that runs on the Ethereum blockchain.
- **ERC-721 Token:** An Ethereum token for non-fungible tokens (NFTs). Enables smart contracts to operate as tradable tokens.
- **Ethereum Improvement Proposal (EIP):** Proposals set forth by developers in the Ethereum community to improve or add on to the Ethereum codebase.
- **Exchange Traded Fund (ETF):** A security that is a comprised of a collection of assets (such as stocks or cryptocurrencies), and tradable just like a single token or share of a stock.
- **Exchange:** An online platform where users can exchange one cryptocurrency for another. Some exchanges also allow users to exchange crypto currencies for fiat currencies and vice versa.
- **Entry:** The price at which your initial buy or sell order is executed.
- **FUD:** Fear, Uncertainty and doubt. FUD refers to spreading negative and or exaggerated opinions / news to attempt and influence panic-selling.
- **FOMO:** FOMO is the acronym for “Fear Of Missing Out.” In the context of financial markets and trading, FOMO refers to the fear that a trader or investor feels by missing out on a potentially lucrative investment or trading opportunity.
- **Fiat:** A fiat currency is mony that is not backed by a physical commodity like gold, but instead backed by the government that issued it. Most modern currencies, such as the U.S. dollar, Euro, Pound and Yen, are fiat money
- **Fiat-Pegged Cryptocurrency:** Crypto tokens whose price is anchored to the price of real world currencies like the US dollar. (1 DAI = $1 USD)
- **The Flippenning:** What seems like a destiny for Ethereum investors and fans, the flippenning refers to the scenario where Ethereum's total market cap surpasses that

of Bitcoin's.

- **Futures**: A futures contract is an agreement between two parties to buy or sell a specific asset at a predetermined and agreed upon price on a specific date. (Riskier investing)
- **Fractal:** A segment of past price action used to predict future movement. The fractal markets hypothesis (FMH) dictates that financial markets, and particularly the stock market, follow a cyclical and repeatable pattern.
- **Fork:** This is a software development term that applies to crypto projects. When a fork happens, the current source code of the software is copied and used to start a new, independent version of the software. Essentially creating a completely new blockchain with modifications to the protocol.
- **Gas Fee**: A term used to describe the transaction fee taken by the Ethereum blockchain upon the execution of a smart contract.
- **Governance Token**: A token where its holders decide its fate via voting for future changes. The more of the token a person owns, the more voting power.
- **Genesis Block:** The first ever block of a specific blockchain.
- **Gwei:** The fractal denomination of Ether used when referring to gas prices.
- **Hard Cap**: The maximum supply of a token / cryptocurrency.
- **Hot Wallet:** A cryptocurrency wallet that is connected to the Internet. It can be a web application or a mobile application. A hot wallet gives you more convenience, because you can instantly send and receive payments using it. That being said they are less secure because hackers can try to gain access through the Internet.
- **Cold Wallet:** A wallet that is not connected to the Internet. You can install such software on a USB drive, for instance. Cold wallets are not convenient to use but they are much more secure because the hacker would need physical access to try compromising the wallet.
- **Immutable**: A property of the blockchain which prevents data from ever being modified after it is etched in to the blockchain.
- **Impermanent Loss**: Unrealized loss when providing liquidity to a liquidity pool. This happens when there is volatility in the asset(s) you are providing.

- **ICO:** Acronym for Initial Coin Offering. This event happens when a crypto project launches its currency or tokens in the market, allowing the first investors to purchase them. The process is similar to an IPO, where a company offers it shares to the public for the first time. Notice that when you invest in an ICO, however, you are not buying equity from that project. Instead, you are buying the coins or tokens of such project, and investors do so hoping that such coins will increase in value over time.
- **KYC (Know Your Customer):** If a DApp is KYC based, it means that they require verification for its users. In the decentralized finance world, we prefer non KYC DApps.
- **Ledger:** A public and distributed transaction log that cannot be changed, only added to. Public and immutable bookkeeping.
- **Leverage:** Using borrowed money to trade cryptocurrencies or assets. Known as margin trading. Very risky as you can lose large sums just as you can make them.
- **Limit Order:** A set price set by a trader to automatically buy or sell a crypto currency when this price is reached.
- **Liquidity**: How much volume a cryptocurrency has, indicating whether or not it can be bought and sold easily.
- **Liquidity Pool:** A collection of funds locked on a smart contract to help facilitate trading on cryptocurrencies on a decentralized exchange. Peer-to-peer swaps basically, where the liquidity providers get rewarded small fees every trade.
- **Liquidity Provider**: Decentralized Exchange users that help fund the basket of available token pairs for trading.
- **Liquidation:** Liquidation refers to a forced conversion of assets into cash or cash equivalents. It is a mechanism that creates market orders to exit leveraged positions. In the context of cryptocurrencies, forced liquidation happens when the trader is unable to satisfy the margin requirements of a leveragedposition.
- **Long**: Long term investment into a cryptocurrency. "Going Long on ETH"
- **Margin Trading:** Trading with borrowed money from an exchange using collateral.
- **Mainnet:** The live operating network of a blockchain.
- **Moon:** An extreme spike or climb in price of a specific coin

- **Maxi:** A slang term used to describe die-hard Fans / investors / believers.
- **Market Capitalization**: A gauge to measure how much a cryptocurrency or asset is worth, determined by the market (the people). If 10 lemons exist, and they were sold for $10 each. The total market cap of lemons in existence is $100.
- **Max Supply**: This refers to the maximum amount of coins that will be issued / mined, ever for a specific crypto currency.
- **Mining:** As explained above, network nodes are responsible for validating individual transactions. Once there are enough outstanding transactions a node can create a new block on the blockchain by solving a cryptographic challenge. The node that first solves such challenge will get rewarded a certain amount of units of that cryptocurrency (e.g. on the Bitcoin network nodes get rewarded Bitcoins for adding new blocks). The process of validating transactions and adding new blocks to the blockchain is called mining. This nickname was created because it is through this process that the amount of Bitcoin in circulation increases, similar to what happens with precious metals like gold.
- **Non Fungible Token (NFT)**: An ethereum based token that is used as an immutable stamp for digital ownership. (Crypto art)
- **Non-Custodial:** This describes a wallet, meaning the private key of users are held by the users directly, leaving the security up to you.
- **Network Confirmation:** Remember that Bitcoin (like other cryptocurrencies) is a decentralized digital currency, so there is no company or central authority confirming if a given transaction is true, valid or not. The Bitcoin network itself will confirm each transaction. Each node (see below) will check each transaction and confirm or deny its validity. The larger the number of confirmations a transaction has, the higher the probability that it is valid. Currently, with six confirmations you have 99.9% of certainty that the transaction is valid.
- **Node:** A computer which is connected to the Internet and runs the software of a given cryptocurrency. Nodes are responsible for validating transactions and packaging those transactions inside new blocks on the blockchain. In other words, it is the network of nodes that keeps a cryptocurrency running. You can own a node for a percentage of transaction fees across the networ

- **Oracles:** A decentralized entity that aggregates real-world, immutable data from data validators, and makes it available for smart contracts to use. Chainlink is the leader in oracle solutions.
- **Order Book:** is a list of the currently open buy and sell limit orders for an asset organized by price.
- **Over-The-Counter (OTC)**: This method of trading refers to an exchange of crypto made from person-to-person, outside of an exchange.
- **Trading Pair:** Trade between two cryptocurrencies (i.e BTC/ETH)
- **Proof of Stake:** A consensus type used by a blockchain, involving the locking up of funds to validate network transactions and keep it up. Validators get rewarded for doing so.
- **Proof of Work:** A consensus type used by a blockchain, more commonly known as mining, where solving complex cryptographic equations creates new blocks.
- **Pump & Dump**: Market manipulation method.
- **Pre-Sale:** Token sale event preceding a public ICO.
- **Peer to Peer (P2P)**: a distributed network where each user contributes to the uptime of the network.
- **Private Key:** A private key (i.e. a sequence of randomly generated characters) is what allows you to spend the cryptocurrency funds in your wallet. It is like a password that you need to make payments and send funds from your wallet. If you lose it you will not be able to access your funds, and there’s no way to recover it.
- **Position Size:** Position size describes the amount of a security, asset, or property that is owned (or sold short) by some individual or other entity. A trader or investor takes a position when they make a purchase through a buy order or if they sell short.
- **RIO:** This stands for 'return on investment.'
- **Resistant Levels:** This is a price level where sellers are preventing the climb of a price with consistent sell pressure. Buyers ae less inclined to buy at these prices.
- **Rugpull:** This is essentially a scam designed to steal an investors assets. This is occurs more commonly on DEX platforms such as Uniswap and Pancakeswap.

- **Satoshi**: Satoshi Nakamoto is the name of the person or entity that originally released the Bitcoin paper and software. Satoshi is also the name of the smallest unit of Bitcoin (sat), representing one hundred millionth of a single Bitcoin.
- **Safu:** This term means safe in the crypto world.
- **Seed Words:** Seed words. Usually found in the form of 12, 18, or 24 randomized words that are generated automatically by a wallet. They are used to to access your wallet. Keep this just as safe as you would your bank account.
- **Shilling:** Shilling is when someone is promoting a crypto project as a genial holder or as a paid advertiser.
- **Sat:** An abbreviation for Satoshi.
- **Smart Contract:** A digital immutable contract that gets automatically executed by software upon its completion. Suppose you want to make a bet with a friend about whether or not it will rain tomorrow. You could use a smart contract for such a bet. Both you and your friend would deposit the money into a temporary Bitcoin wallet, and the software itself would verify whether or not there was rain on that specific day. The software would then transfer the money to the winning party. As you can see, using a smart contract has some advantages, as it can give more security to both sides as well as impartiality when evaluating the results.
- **Seed Phrase**: A list of random words, like a password, that is used to gain access to a wallet.
- **Slippage:** The difference between the price a trader placed a limit buy or sell order at, and the ACTUAL price that the algorithm / ledger executed the trade at.
- **Staking:** The process of actively participating in transaction validation (similar to mining) on a proof-of-stake (PoS) blockchain. On these blockchains, anyone with a minimum-required balance of a specific cryptocurrency can validate transactions and earn staking rewards.
- **Symbol/Ticker:** Each cryptocurrency has a 3-letteror more symbol that is used to designate it on trading platforms. This is similar to the symbols used on stock exchanges to designate specific companies and stock. BTC is the symbol of Bitcoin. People may often refer to this as the Ticker
- **Short:** A short, or a short position, is created when a trader sells an asset first with the intention of repurchasing it or covering it later at a lower price. A trader may

decide to short an asset when he or she believes that the price is likely to decrease in the near future.

- **Shitcoin:** A cryptocurrency with no obvious optional or use case. Usually in the found to be memes, scams and a waste of money.
- **Stable Coin:** A cryptocurrency that is pegged to fiat or other cryptocurrencies, with the purpose to minimize volatility.
- **Support:** Support is a price level where an asset tends to bounce back up after a downtrend. Demands for the currency is usually high which prevents further dipping. Sellers are becoming less likely to sell at these areas.
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- **TA:** Technical analysis (TA) is a trading discipline employed to evaluate investments and identify trading opportunities by analyzing statistical trends gathered from trading activity, such as price movement and volume.
- **Tether:** The largest stable coin in the market.
- **Testnet:** A Testnet is an experimental environment used by developers to work with new smart contracts before going live onto a Mainnet.
- **Trade Volume:** The amount a cryptocurrency has been traded in a 24-hour window.
- **Total Supply:** All the tokens and coins that will exist in a cryptocurrency network.
- **Transaction (TX):** Exchanging cryptocurrencies on the blockchain.
- **Transaction Fee:** A payment required to transact on a blockchain. This boosts security because fees discourage price manipulation by mass trading back and forth.
- **TPS:** Transactions Per Second (TSP)
- **uPNL:** Unrealized Profit and Loss. Unrealized profits and losses are the result in an increase or decrease in the value of an asset that has yet to be sold for cash, such as a perpetual futures position that has changed in value but still remains open.
- **Volatility:** In finance, volatility describes how quickly and how much the price of an asset changes. It is usually calculated in terms of standard deviations in the annual return of an asset over a period of time. Because it is a measure of the rapidity and

degree of price changes, volatility is often used as an effective measure of the investment risk associated with an asset.

- **Wallet**: Software that allows you to store cryptocurrency, and to send and receive payments. Think Meta Mask and Trust Wallet.
- **Wallet Address:** The address is where crypto currency can be stored, sent to, and received from.
- **Browser Wallet:** A digital wallet in the form of a browser extension which can be used to connect to DApps the same way as on mobile.
- **Whale:** A 'whale' is an individual or entity that owns a large amount of the supply of a crypto project.
- **Whitepaper**: Similar to a business plan for a business, a whitepaper describes the roadmap, plan of action, and value proposition of a crypto project.
- **Yield Farming**: Earning interest by providing liquidity / loans on a lending protocol.