

CFA Program Level I for May 2025

Set Type Default # of Cards 1294 cards Provider cfainstitute

	Side 1	Side 2
1	Abandonment option	The option to terminate an investment at some future time if the financial results are disappointing.
2	Abnormal return	The amount by which a security's actual return differs from its expected return, given the security's risk and the market's return.
3	Absolute dispersion	The amount of variability present without comparison to any reference point or benchmark.
4	Accelerated book build	An offering of securities by an investment bank acting as principal that is accomplished in only one or two days.
5	Accounting profit	Income as reported on the income statement, in accordance with prevailing accounting standards, before the provisions for income tax expense. Also called <i>income before taxes</i> or <i>pretax income</i> .
6	Accredited investors	Investors that meet certain minimum regulatory net worth or other requirements in order to invest in certain types of alternative assets.
7	Accrued interest	The amount of interest in currency or par value terms of a fixed-income instrument that accumulates from the last coupon payment until the trade settlement date. The amount is paid by the buyer to the seller.
8	Action lag	Delay from policy decisions to implementation.
9	Active investment	An approach to investing in which the investor seeks to outperform a given benchmark.
10	Active return	The return on a portfolio minus the return on the portfolio's benchmark.
11	Activist	Short for "activist shareholder." Managers secure sufficient equity holdings to allow them to seek a position in a company's board and influence corporate policies or direction.
12	Activity ratios	Ratios that measure how well a company is managing key current assets and working capital over time.
13	Ad hoc committee	A small group of lenders or bondholders who negotiate with an issuer on debt restructuring and refinancing before the issuer submits a final proposal to the wider group of all lenders and bondholders.
14	Add-on pricing	A pricing approach based on high-margin optional features, customizations, and additional content.
15	Add-on rate	A yield or pricing convention for money market instrument quotations. It is the interest earned on an instrument, derived from the difference between the price and face value, expressed as a percentage of the price and multiplied by the periodicity of the annual rate.

16	Agency costs	Direct and indirect costs borne by the principal in a principal-agent relationship owing primarily to information asymmetries. Agency costs include the costs of monitoring and assessing the agent as well as missed opportunities.
17	Agency RMBS	Securities created by the pooling of residential mortgage-backed securities in the United States by either the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corporation (Freddie Mac). These RMBS carry the full faith and credit of the government, essentially a guarantee with respect to timely payment of interest and repayment of principal.
18	Allocationally efficient	A characteristic of a market, a financial system, or an economy that promotes the allocation of resources to their highest value uses.
19	All-or-nothing (AON) orders	An order that includes the instruction to trade only if the trade fills the entire quantity (size) specified.
20	Altcoin	A cryptocurrency other than Bitcoin.
21	Alternative data	Data that are generated from non-traditional sources, such as social media and sensor networks.
22	Alternative hypothesis	The hypothesis that is accepted if the null hypothesis is rejected.
23	Alternative investment markets	Market for investments other than traditional securities investments (i.e., traditional common and preferred shares and traditional fixed income instruments). The term usually encompasses direct and indirect investment in real estate (including timberland and farmland) and commodities (including precious metals); hedge funds, private equity, and other investments requiring specialized due diligence.
24	Alternative trading systems	Trading venues that function like exchanges but that do not exercise regulatory authority over their subscribers except with respect to the conduct of the subscribers' trading in their trading systems. Also called <i>electronic communications networks</i> or <i>multilateral trading facilities</i> .
25	American depository receipt	A US dollar-denominated security that trades like a common share on US exchanges.
26	American depository share	The underlying shares on which American depository receipts are based. They trade in the issuing company's domestic market.
27	American options	Options that may be exercised at any time from contract inception until maturity.
28	American-style	Type of option contract that can be exercised at any time up to the option's expiration date.
29	Amortization	The process of allocating the cost of intangible long-term assets having a finite useful life to accounting periods; the allocation of the amount of a bond premium or discount to the periods remaining until bond maturity.
30	Amortizing debt	A loan or bond with a payment schedule that calls for periodic payments of interest and repayments of principal.
31	Analysis of variance (ANOVA)	A table that presents the sums of squares, degrees of freedom, mean squares, and F-statistic for a regression model.

32	Analytical duration	Estimates of duration using mathematical formulas. Estimates of the impact of yield changes on bond prices using analytical duration implicitly assume that benchmark yields and spreads are independent variables and are uncorrelated.
33	Anchoring and adjustment bias	An information-processing bias in which the use of a psychological heuristic influences the way people estimate probabilities.
34	Annual general meeting (AGM)	A yearly meeting of the corporate board of directors and shareholders, typically held in person and digitally, during which votes on directors, compensation plans, shareholder resolutions, and any other matters properly brought forward at the meeting are held. Issuer management may also make presentations and hold events.
35	Anomalies	Apparent deviations from market efficiency.
36	Antidilutive	With reference to a transaction or a security, one that would increase earnings per share (EPS) or result in EPS higher than the company's basic EPS—antidilutive securities are not included in the calculation of diluted EPS.
37	Arbitrage	1) The simultaneous purchase of an undervalued asset or portfolio and sale of an overvalued but equivalent asset or portfolio, in order to obtain a riskless profit on the price differential. Taking advantage of a market inefficiency in a risk-free manner. 2) The condition in a financial market in which equivalent assets or combinations of assets sell for two different prices, creating an opportunity to profit at no risk with no commitment of money. In a well-functioning financial market, few arbitrage opportunities are possible. 3) A risk-free operation that earns an expected positive net profit but requires no net investment of money.
38	Arbitrageurs	Traders who engage in arbitrage. See <i>arbitrage</i> .
39	Arithmetic mean	The sum of the observations divided by the number of observations.
40	Artificial intelligence (AI)	Computer systems that are capable of performing tasks that previously required human intelligence. AI methods are sometimes better suited to identify complex, non-linear relationships than are traditional quantitative and statistical methods.
41	Ask size	The maximum quantity of an asset that pertains to a specific ask price from a trader. For example, if the ask for a share issue is \$30 for a size of 1,000 shares, the trader is offering to sell at \$30 up to 1,000 shares.
42	Ask	The price at which a dealer or trader is willing to sell an asset, typically qualified by a maximum quantity (ask size). See <i>offer</i> .
43	Asset allocation	The process of determining how investment funds should be distributed among asset classes.
44	Asset class	A group of assets that have similar characteristics, attributes, and risk-return relationships.
45	Asset utilization ratios	Ratios that measure how efficiently a company performs day-to-day tasks, such as the collection of receivables and management of inventory.
46	Asset-backed commercial paper	Secured form of commercial paper issuance. Loans or receivables are sold to a special purpose entity that issues the ABCP and makes interest and principal payments to investors from asset cash flows.

47	Asset-backed securities (ABS)	A type of bond issued by a legal entity called a special purpose entity created solely to own assets such as loans, receivables, and mortgages and to distribute cash flows to ABS investors. Generally, ABS backed by mortgages are known as mortgage-backed securities (MBS) while ABS refer to non-mortgage ABS.
48	Asset-backed token	A token that represents the ownership of a physical asset that does not exist on the blockchain and whose value is based on the underlying asset.
49	Asset-based valuation models	Valuation based on estimates of the market value of a company's assets.
50	Asymmetric information	Also known as <i>information asymmetry</i> ; the differential of information between corporate insiders and outsiders regarding the company's performance and prospects. Managers typically have more information about the company's performance and prospects than owners and creditors.
51	At-the-money	Describes a unique situation in which the price of the underlying is equal to an option's exercise price. Like an out-of-the-money option, the intrinsic value is zero.
52	Auction/reverse auction models	Pricing models that establish prices through bidding (by sellers in the case of reverse auctions).
53	Autarky	Countries seeking political self-sufficiency with little or no external trade or finance. State-owned enterprises control strategic domestic industries.
54	Automatic stabilizer	A countercyclical factor that automatically comes into play as an economy slows and unemployment rises.
55	Availability bias	An information-processing bias in which people take a heuristic approach to estimating the probability of an outcome based on how easily the outcome comes to mind.
56	Available-for-sale	Under US GAAP, debt securities not classified as either held-to-maturity or held-for-trading securities. The investor is willing to sell but not actively planning to sell. In general, available-for-sale debt securities are reported at fair value on the balance sheet, with unrealized gains included as a component of other comprehensive income.
57	Average revenue (AR)	Total revenue divided by quantity sold.
58	Backfill Bias	A problem whereby certain surviving hedge funds may be added to databases and various hedge fund indexes only after they are initially successful and start to report their returns. Also see <i>survivorship bias</i> .
59	Backup line of credit	A type of credit enhancement provided by a bank to an issuer of commercial paper to ensure that the issuer will have access to sufficient liquidity to repay maturing commercial paper if issuing new paper is not a viable option.
60	Backwardation	A downward-sloping, or inverted, forward curve in a futures market.
61	Balance sheet ratios	Financial ratios involving balance sheet items only.
62	Balanced	With respect to a government budget, one in which spending and revenues (taxes) are equal.
63	Balloon payment	A large payment required at maturity to retire a bond's outstanding principal amount.

64	Base rates	The reference rate on which a bank bases lending rates to all other customers.
65	Base-rate neglect	A type of representativeness bias in which the base rate or probability of the categorization is not adequately considered.
66	Basic EPS	Net earnings available to common shareholders (i.e., net income minus preferred dividends) divided by the weighted average number of common shares outstanding.
67	Basis risk	The possibility that the expected value of a derivative differs unexpectedly from that of the underlying.
68	Basket of listed depository receipts (BLDR)	An exchange-traded fund (ETF) that represents a portfolio of depository receipts.
69	Bayes' formula	The rule for updating the probability of an event of interest—given a set of prior probabilities for the event, information, and information given the event—if you receive new information.
70	Bearer bonds	Bonds for which ownership is not recorded; only the clearing system knows who the bond owner is.
71	Behavioral finance	A field of finance that examines the psychological variables that affect and often distort the investment decision making of investors, analysts, and portfolio managers.
72	Behind the market	Said of prices specified in orders that are worse than the best current price; e.g., for a limit buy order, a limit price below the best bid.
73	Benchmark spread	The difference in yield-to-maturity between a bond and that of a benchmark bond.
74	Benchmark	A bond used to compare against another bond to discern attributes, often a government bond with the same or similar time-to-maturity as the bond under analysis.
75	Best bid	The highest bid in the market.
76	Best effort offering	An offering of a security using an investment bank in which the investment bank, as agent for the issuer, promises to use its best efforts to sell the offering but does not guarantee that a specific amount will be sold.
77	Best offer	The lowest offer (ask price) in the market.
78	Best-in-class	An ESG implementation approach that seeks to identify the most favorable companies in an industry based on ESG considerations.
79	Beta	A measure of the sensitivity of a given investment or portfolio to movements in the overall market.
80	Bid size	The maximum quantity of an asset that pertains to a specific bid price from a trader.
81	Bid	The price at which a dealer or trader is willing to buy an asset, typically qualified by a maximum quantity.
82	Big data	The vast amount of information being generated by both traditional sources—for example, stock exchanges, companies, governments—and non-traditional sources—for example, electronic devices, social media, sensor networks, and company exhaust.

83	Bilateralism	The conduct of political, economic, financial, or cultural cooperation between two countries. Countries engaging in bilateralism may have relations with many different countries but in one-at-a-time agreements without multiple partners. Typically, countries exist on a spectrum between bilateralism and multilateralism.
84	Bimodal	A distribution that has two most frequently occurring values.
85	Bitcoin	A cryptocurrency using blockchain technology that was created in 2009.
86	Bivariate correlation	Also known as Pearson correlation. A parametric measure of the relationship between two variables.
87	Black swan risk	An event that is rare and difficult to predict but has an important impact.
88	Block brokers	A broker (agent) that provides brokerage services for large-size trades.
89	Blockchain	A type of digital ledger in which information is recorded sequentially and then linked together and secured using cryptographic methods.
90	Blue chip	Widely held large market capitalization companies that are considered financially sound and are leaders in their respective industry or local stock market.
91	Board of directors	A body or individual selected by a limited company's member(s) or shareholder(s), in a manner determined by the company's charter, that manages the company. Typically, for larger companies, boards of directors appoint and oversee executive management.
92	Bond equivalent yield	A money market interest rate quoted on a 365-day add-on rate basis.
93	Bond indenture	A legal document between a bond issuer and investors that governs each party's rights and responsibilities.
94	Bond market vigilantes	Bond market participants who might reduce their demand for long-term bonds, thus pushing up their yields.
95	Bondholders	Investors in an entity's securitized debt claims, such as commercial paper, notes, and bonds. Common types of bondholders include investment funds and institutional investors.
96	Bonds	Contractual agreements between an issuer and bondholders.
97	Bonus issue of shares	A type of dividend in which a company distributes additional shares of its common stock to shareholders instead of cash.
98	Book building	Investment bankers' process of compiling a "book" or list of indications of interest to buy part of an offering.
99	Book value	The net amount shown for an asset or liability on the balance sheet; book value may also refer to the company's excess of total assets over total liabilities. Also called <i>carrying value</i> .
100	Boom	An expansionary phase characterized by economic growth "testing the limits" of the economy.

101	Bootstrap	A resampling method that repeatedly draws samples with replacement of the selected elements from the original observed sample. Bootstrap is usually conducted by using computer simulation and is often used to find standard error or construct confidence intervals of population parameters.
102	Bottom-up analysis	An investment selection approach that focuses on company-specific circumstances rather than emphasizing economic cycles or industry analysis.
103	Box and whisker plot	A graphic for visualizing the dispersion of data across quartiles. It consists of a box with “whiskers” connected to the box.
104	Breakeven point	Represents the price of the underlying in a derivative contract in which the profit to both counterparties would be zero.
105	Bridge financing	Interim financing that provides funds until permanent financing can be arranged.
106	Broker	An agent who executes orders to buy or sell securities on behalf of a client in exchange for a commission.
107	Broker-dealer	A financial intermediary (often a company) that may function as a principal (dealer) or as an agent (broker) depending on the type of trade.
108	Brokered market	A market in which brokers arrange trades among their clients.
109	Brownfield investments	The third stage of development of an infrastructure asset. Brownfield investments involve expanding existing facilities and may involve privatization of public assets or a sale leaseback of completed greenfield projects. They are characterized by a shorter investment period with immediate cash flows and an operating history.
110	Budget surplus/deficit	The difference between government revenue and expenditure for a stated fixed period of time.
111	Bullet bond	A bond whose principal repayment is made entirely at maturity.
112	Bundling	A pricing approach that refers to combining multiple products or services so that customers are incentivized or required to buy them together.
113	Business cycles	Are recurrent expansions and contractions in economic activity affecting broad segments of the economy.
114	Business model	A concise description of how a business works and makes revenues and profits, including its customers, products or services, channels for reaching customers, and pricing.
115	Businesses	Organization entities formed and managed for the purpose of providing a return or economic benefits to its investors and owners.
116	Buyback	A transaction in which a company buys back its own shares. Unlike stock dividends and stock splits, share repurchases use corporate cash.
117	Buy-side firm	An investment management company or other investor that uses the services of brokers or dealers (i.e., the client of the sell side firms).

118	Cabotage	The right to transport passengers or goods within a country by a foreign firm. Many countries—including those with multilateral trade agreements—impose restrictions on cabotage across transportation subsectors, meaning that shippers, airlines, and truck drivers are not allowed to transport goods and services within another country's borders.
119	Call market	A market in which trades occur only at a particular time and place (i.e., when the market is called).
120	Call money rate	The interest rate that buyers pay for their margin loan.
121	Call option	The right to buy an underlying.
122	Call period	The time during which the issuer of a callable bond can exercise the call option.
123	Call price	The price at which the issuer of a callable bond has the right to purchase the bond from investors.
124	Call protection period	The time during which the issuer of a callable bond is not allowed to exercise the call option.
125	Call risk	The uncertain maturity and limited price appreciation associated with callable bonds.
126	Callable bond	A bond containing an embedded call option that gives the issuer the right to buy the bond back from the investor at specified prices on predetermined dates.
127	Cannibalization	A transfer of sales or market share from one product to another product owned by the same company. It tends to occur when the two products are actual or perceived substitutes.
128	Capacity	The ability of the borrower to make its debt payments on time.
129	Capital allocation line (CAL)	A graph line that describes the combinations of expected return and standard deviation of return available to an investor from combining the optimal portfolio of risky assets with the risk-free asset.
130	Capital allocation	The process that companies use for decision making on capital investments—those projects with a life of one year or longer.
131	Capital asset pricing model (CAPM)	An equation describing the expected return on any asset (or portfolio) as a linear function of its beta relative to the market portfolio.
132	Capital expenditure	Expenditure on physical capital (fixed assets).
133	Capital investments	An expenditure for an asset or resource with a useful life of more than one year.
134	Capital market expectations (CME)	Expectations concerning the risk and return prospects of asset classes.
135	Capital market line (CML)	The line with an intercept point equal to the risk-free rate that is tangent to the efficient frontier of risky assets; represents the efficient frontier when a risk-free asset is available for investment.
136	Capital market securities	Fixed-income securities with original maturities greater than one year.

137	Capital markets	Financial markets that trade securities of longer duration, such as bonds and equities.
138	Capital restrictions	Controls placed on foreigners' ability to own domestic assets and/or domestic residents' ability to own foreign assets.
139	Capital structure	The mix of debt and equity that a company uses to finance its business; a company's specific mix of long-term financing.
140	Capital	Other company resources available that reduce reliance on debt.
141	Capital-indexed bond	A type of index-linked bond for which changes in the index are captured with adjustments to the principal. A common example is Treasury Inflation Protected Securities (TIPS) issued by the United States government.
142	Capital-intensive businesses	Companies or business activities that are characterized by a relatively low fixed asset turnover, a high percentage of capital expenditures to sales, or a high net-working-capital-to-sales ratio.
143	Capital-light businesses	Also known as <i>asset light businesses</i> , companies or business activities characterized by relatively high fixed asset turnover, a low percentage of capital expenditures to sales, or a low net-working-capital-to-sales ratio.
144	Carried interest	A performance or incentive fee applied to private market fund investments based on returns above a hurdle rate.
145	Carrying amount	The amount at which an asset or liability is valued according to accounting principles.
146	Carrying value	Of a fixed-income instrument is the purchase price plus (minus) the amortized amount of the discount (premium) if the bond is purchased at a price below (above) par value.
147	Carrying	Investing and holding an asset for a period of time.
148	Cartel	Participants in collusive agreements that are made openly and formally.
149	Cash conversion cycle	The amount of time between an issuer paying its suppliers in cash and receiving cash from its customers.
150	Cash flow additivity principle	The principle that dollar amounts indexed at the same point in time are additive.
151	Cash flow from operations	A cash profit measure over a period for an issuer's primary business activities. It includes cash from customers as well as interest and dividends received from financial investments, less cash paid to employees and suppliers as well as taxes paid to governments and interest paid to lenders.
152	Cash flow hedge	Refers to a specific hedge accounting classification in which a derivative is designated as absorbing the variable cash flow of a floating-rate asset or liability, such as foreign exchange, interest rates, or commodities.
153	Cash markets	Markets in which specific assets are exchanged at current prices. Cash markets are often referred to as spot markets .
154	Cash prices	The current prices prevailing in cash markets .
155	Cash ratio	A measure of liquidity that is the ratio of cash and marketable securities to current liabilities.

156	Catch-up clause	A clause in a limited partner agreement that specifies that a general partner will receive 100% of the distributions above a prespecified hurdle <i>until</i> the GP receives the carried interest percentage (such as 20%) of the returns generated and then every excess dollar will be split between the LPs and GP based on the carried interest percentage.
157	CDS credit spread	Reflects the credit spread of a credit default swap (CDS) derivative contract. As with cash bonds, CDS credit spreads depend on the probability of default (POD) and the loss given default (LGD).
158	Central bank digital currencies (CBDCs)	A tokenized version of the currency issued by the central bank, such as a digital bank note or coin, and a digital liability of the central bank.
159	Central bank funds market	The market in which deposit-taking banks that have an excess reserve with their national central bank can lend money to banks that need funds for maturities ranging from overnight to one year. Called the federal or fed funds market in the United States.
160	Central bank funds rate	The interest rate at which central bank funds are bought (borrowed) and sold (lent) for maturities ranging from overnight to one year. Called federal or fed funds rate in the United States.
161	Central clearing mandate	A requirement instituted by global regulatory authorities following the 2008 global financial crisis that most over-the-counter (OTC) derivatives be cleared by a central counterparty (CCP) .
162	Central counterparty (CCP)	An economic entity that assumes the counterparty credit risk between derivative counterparties , one of which is typically a financial intermediary. CCPs provide clearing and settlement for most derivative contracts.
163	Central limit theorem	The theorem that states the sum (and the mean) of a set of independent, identically distributed random variables with finite variances is normally distributed, whatever distribution the random variables follow.
164	Certificate of deposit (CD)	An instrument that represents a specified amount of funds on deposit with a bank for a specified maturity and interest rate. CDs are issued in various denominations and can be negotiable or non-negotiable.
165	Channels	Venues where a company markets and/or delivers its products and services.
166	Character	The quality of a debt issuer's management.
167	Checking accounts	Bank deposits with no stated maturity available for transactional purposes that pay little or no interest. Also known as a <i>demand deposit</i> .
168	Circuit breaker	A pause in intraday trading for a brief period if a price limit is reached.
169	Classical cycle	Refers to fluctuations in the level of economic activity when measured by GDP in volume terms.
170	Clawback	A requirement that the general partner return any funds distributed as incentive fees until the limited partners have received their initial investment and a percentage of the total profit.
171	Clearing instructions	Instructions that indicate how to arrange the final settlement ("clearing") of a trade.
172	Clearing	An exchange's process of verifying the execution of a transaction, exchange of payments, and recording of participants.

173	Clearinghouse	An entity associated with a futures market that acts as middleman between the contracting parties and guarantees to each party the performance of the other.
174	Closed-end fund	A mutual fund in which no new investment money is accepted. New investors invest by buying existing shares, and investors in the fund liquidate by selling their shares to other investors.
175	Cluster sampling	A procedure that divides a population into subpopulation groups (clusters) representative of the population and then randomly draws certain clusters to form a sample.
176	Code of ethics	An established guide that communicates an organization's values and overall expectations regarding member behavior. A code of ethics serves as a general guide for how community members should act.
177	Coefficient of determination (R²)	The percentage of the variation of the dependent variable that is explained by the independent variable. It is a measure of goodness of fit of a regression model.
178	Coefficient of variation	The ratio of a set of observations' standard deviation to the observations' mean value.
179	Cognitive cost	The effort involved in processing new information and updating beliefs.
180	Cognitive dissonance	The mental discomfort that occurs when new information conflicts with previously held beliefs or cognitions.
181	Cognitive errors	Behavioral biases resulting from faulty reasoning; cognitive errors stem from basic statistical, information-processing, or memory errors.
182	Coincident economic indicators	Turning points that are usually close to those of the overall economy; they are believed to have value for identifying the economy's present state.
183	Co-investing	In co-investing, the investor invests in assets <i>indirectly</i> through the fund but also possesses rights (known as co-investment rights) to invest <i>directly</i> in the same assets. Through co-investing, an investor is able to make an investment <i>alongside</i> a fund when the fund identifies deals.
184	Collateral manager	Buys and sells debt obligations for and from the CDO's collateral pool to generate sufficient cash flows to meet the obligations to the CDO bondholders.
185	Collateral	Assets or financial guarantees underlying a debt obligation that are above and beyond the issuer's promise to pay.
186	Collateralized bond obligations (CBOs)	CDOs backed by high-yield corporate and emerging market bonds.
187	Collateralized debt obligations (CDOs)	Securities backed by a diversified pool of one or more debt obligations. CDOs can be backed by a broad range of debt.
188	Collateralized loan obligations (CLOs)	Investment vehicle with exposure to a portfolio of leveraged loans separated into tranches with different cash flow claims and exposure to losses based on a waterfall.
189	Collateralized mortgage obligations	Securitize mortgage pass-through securities or multiple pools of loans. CMOs are structured to redistribute the cash flows to different bond classes or tranches and create securities that have different exposures to prepayment risk.

190	Commercial paper (CP)	Short-term, negotiable, unsecured promissory note that represents a debt obligation of the issuer.
191	Committed (regular) lines of credit	Bank commitments to extend credit; the commitment is considered a short-term liability and is usually in effect for 364 days (one day short of a full year).
192	Committed capital	The amount that the limited partners have agreed to provide to the private equity fund.
193	Commodities	A product or service from a firm that is indistinguishable from products or services of competing firms, usually conforming to a common standard or grade imposed by convention or regulation.
194	Commoditization	A process by which competing products become less differentiated over time and become interchangeable “commodities” in the eyes of customers. This process is typically associated with declining profitability for the selling firms.
195	Commodity producers	A firm that makes and/or sells commodities.
196	Commodity swap	A type of swap involving the exchange of payments over multiple dates as determined by specified reference prices or indexes relating to commodities.
197	Common market	Level of economic integration that incorporates all aspects of the customs union and extends it by allowing free movement of factors of production among members.
198	Common shares	A type of security that represents an ownership interest in a company. Also called <i>common stock</i> .
199	Common stock	A type of security that represents an ownership interest in a company. Also called <i>common shares</i> .
200	Common-size analysis	The restatement of financial statement items using a common denominator or reference item that allows one to identify trends and major differences; an example is an income statement in which all items are expressed as a percent of revenue.
201	Companies	Organization entities formed and managed for the purpose of providing a return or economic benefits to its investors and owners.
202	Company research report	A document that presents an analyst’s investment recommendation on an issuer and its securities, supported by financial modeling, industry overviews and competitive analyses, valuation scenarios, ESG considerations, and investment risks.
203	Complete markets	Informally, markets in which the variety of distinct securities traded is so broad that any desired payoff in a future state-of-the-world is achievable.
204	Concession agreement	A contractual arrangement under which an entity (also known as a grantor) establishes terms and conditions with a developer or operator (referred to as a concessionaire) to plan, build, operate, finance, and maintain an infrastructure asset for a specific period.
205	Conditional expected value	The expected value of a stated event given that another event has occurred.
206	Conditional pass-through covered bonds	Convert to pass-through securities after the original maturity date if all bond payments have not yet been made.

207	Conditional variances	The variance of one variable, given the outcome of another.
208	Conditions	The general economic, competitive, and business environment faced by all borrowers that may affect their ability to service or refinance debt.
209	Confidence level	The complement of the level of significance.
210	Confirmation bias	A type of cognitive bias that makes individuals view information that confirms beliefs they already hold as more salient.
211	Consensus protocol	A set of rules governing how blocks can join the blockchain that is designed to resist attempts at malicious manipulation up to a certain level of security; it can be either a proof of work or a proof of stake.
212	Conservatism bias	A belief perseverance bias in which people maintain their prior views or forecasts by inadequately incorporating new information.
213	Constant yield-price trajectory	A graphical depiction of the relationship between time to maturity and a bond price, assuming no default, that shows that a bond price approaches par as time passes.
214	Constituent securities	With respect to an index, the individual securities within an index.
215	Contango	Refers to spot price below forward price in a futures market.
216	Contingency provision	Clause in a legal document that allows for some action if a specific event or circumstance occurs.
217	Contingency table	A table of the frequency distribution of observations classified on the basis of two discrete variables.
218	Contingent claim	A type of derivative in which one of the <i>counterparties</i> determines whether and when the trade will settle. An <i>option</i> is a common type of contingent claim.
219	Contingent convertible bonds	Bonds that automatically convert to equity if a specific event or circumstance occurs, such as the issuer's equity capital falling below the minimum requirement set by regulators.
220	Continuous trading market	A market in which trades can be arranged and executed any time the market is open.
221	Continuously compounded return	The natural logarithm of 1 plus the holding period return, or equivalently, the natural logarithm of the ending price over the beginning price.
222	Contract manufacturers	Companies that make products for other companies that meet specific terms and specifications.
223	Contract size	Amount(s) used for calculation to price and value the derivative. The contract size is often referred to as "notional amount or notional principal."
224	Contraction risk	The risk of earlier repayment of a mortgage-backed security than expected.
225	Contraction	The period of a business cycle after the peak and before the trough; often called a <i>recession</i> or, if exceptionally severe, called a <i>depression</i> .

226	Contractionary fiscal policy	A fiscal policy that has the objective to make the real economy contract.
227	Contractionary	Tending to cause the real economy to contract.
228	Contribution margin	A profitability measure using variable costs: unit price less unit variable cost. It can also be expressed as a percentage of price or sales.
229	Controlling shareholder	An individual or entity that owns a majority of the voting rights in a corporation.
230	Convenience sampling	A procedure of selecting an element from a population on the basis of whether or not it is accessible to a researcher or how easy it is for a researcher to access the element.
231	Convenience yield	A non-cash benefit of holding a physical commodity versus a derivative.
232	Conversion price	Predetermined share price at which convertible debt may be fully exchanged for common shares during the conversion period.
233	Conversion ratio	The number of common shares a convertible bond or noteholder may receive in exchange for a specific bond par value.
234	Conversion value	The current contingency feature value derived by comparing a convertible bond's price with its value if a bondholder were to exchange bonds for shares.
235	Convertible bond	A bond that gives the bondholder the right to exchange the bond for a specified number of common shares in the issuing company.
236	Convertible debt	A fixed-income instrument which combines the features of debt with equity via a contingent feature, allowing debtholders to exchange their claim for common shares at a predetermined fixed price in the future.
237	Convertible preference shares	A type of equity security that entitles shareholders to convert their shares into a specified number of common shares.
238	Convexity adjustment	A measure that is used to complement modified duration to capture the second-order effect of yield changes on a bond's price. It is equal to the annual convexity statistic times one-half times the given change in the yield-to-maturity squared.
239	Convexity bias	Refers to the difference in price changes for a given change in yield between interest rate futures and interest rate forward contracts. That is, interest rate forwards exhibit a non-linear or convex relationship between price and yield, while the price-yield relationship is linear for interest rate futures.
240	Convexity	The second order, usually a positive change in the price of a bond for a given change in yield, which can be negative for a callable bond such as a high-yield bond.
241	Cooperation	The process by which countries work together toward some shared goal or purpose. These goals may, and often do, vary widely—from strategic or military concerns, to economic influence, to cultural preferences.
242	Cooperative country	A country that engages and reciprocates in rules standardization; harmonization of tariffs; international agreements on trade, immigration, or regulation; and allowing the free flow of information, including technology transfer.

243	Core real estate strategies	Strategies with exposure to well-leased, high-quality commercial and residential real estate in the best markets, generally offered by open-end funds. Investors expect core real estate to deliver stable returns, primarily from income from the property.
244	Core-plus real estate strategies	Value-add investments that require modest redevelopment or upgrades to lease any vacant space together with possible alternative use of the underlying properties. Compared to core real estate strategies, these may be appealing for investors seeking higher returns and willing to accept additional risks from development, redevelopment, repositioning, and leasing.
245	Corporate issuers	Limited companies or corporations that seek financing in financial markets by, for example, issuing debt or equity securities.
246	Corporations	Another term for limited companies, though often used to refer to public limited companies. See <i>limited company</i> , <i>private limited company</i> , and <i>public limited company</i> .
247	Correlation coefficient	A number between -1 and $+1$ that measures the consistency or tendency for two investments to act in a similar way. It is used to determine the effect on portfolio risk when two assets are combined.
248	Correlation	A measure of the linear relationship between two random variables.
249	Cost averaging	The periodic investment of a fixed amount of money.
250	Cost of capital	The cost of financing for a company; the rate of return that suppliers of capital require as compensation for their contribution of capital (also called <i>opportunity cost of funds</i>).
251	Cost of carry	The net of the costs and benefits related to owning an underlying asset for a specific period.
252	Cost of debt	The required return on debt financing for a company, such as when it issues a bond, takes out a bank loan, or leases an asset through a finance lease.
253	Cost of equity	The return required by equity investors to compensate for both the time value of money and the risk. Also referred to as the required rate of return on common stock or the required return on equity.
254	Counterparty credit risk	The likelihood that a counterparty is unable to meet its financial obligations under the contract.
255	Counterparty risk	The risk that the other party to a contract will fail to honor the terms of the contract.
256	Counterparty	Legal entities entering a derivative contract .
257	Country	The geopolitical environment as well as the legal and political system faced by all issuers in a jurisdiction that may affect debt payment.
258	Coupon	Periodic interest payments paid by a bond issuer to investors, typically expressed as a percentage of par on an annual basis.
259	Cournot assumption	Assumption in which each firm determines its profit-maximizing production level assuming that the other firms' output will not change.

260	Covariance	A measure of the co-movement (linear association) between two random variables.
261	Covenants	The terms and conditions of lending agreements that the issuer must comply with; they specify the actions that an issuer is obligated to perform (affirmative covenant) or prohibited from performing (negative covenant).
262	Credit default swap (CDS)	A type of credit derivative in which one party, the credit protection buyer who is seeking credit protection against a third party, makes a series of regularly scheduled payments to the other party, the credit protection seller. The seller makes no payments until a credit event occurs.
263	Credit enhancements	Provisions or methods that allow a borrower improve their creditworthiness in a structured transaction.
264	Credit event	An occurrence that triggers the settlement of a CDS contract, including failure to make a debt payment, debt restructuring, or a bankruptcy filing.
265	Credit facilities	Loan agreements with pre-specified terms and limits but with fluctuating balances based on borrower-specific needs at different points in time, analogous to a credit card.
266	Credit migration risk	The risk that a bond issuer's creditworthiness deteriorates, or migrates lower, leading investors to believe the risk of default is higher. Also called downgrade risk .
267	Credit rating agencies	Institutions that issue and maintain credit ratings. The three largest are Standard & Poor's, Moody's, and Fitch Ratings.
268	Credit rating	Letter-grade, qualitative measures of an issuer's ability to meet its debt obligations based on both the probability of default and the expected loss under a default scenario.
269	Credit risk	The expected economic loss under a potential borrower default over the life of the contract.
270	Credit spread risk	The risk of greater expected loss due to changes in credit conditions as a result of macroeconomic, market, and/or issuer-related factors.
271	Credit spread	The compensation for the risk of default in a debt security, typically measured by the yield-to-maturity difference between a bond and a comparable government benchmark security.
272	Credit tranching	Internal credit enhancement where cash flows into a senior/subordinate structure.
273	Credit-linked notes	Bonds whose coupon changes when the bonds' credit rating changes.
274	Critical values	Values of the test statistic at which the decision changes from fail to reject the null hypothesis to reject the null hypothesis.
275	Cross-default clause	Covenant or contract clause that specifies borrowers are considered in default if they default on another debt obligation.
276	Crossing networks	Trading systems that match buyers and sellers who are willing to trade at prices obtained from other markets.
277	Cross-sectional analysis	Analysis over a group as of a given time.

278	Crowdsourcing	A business model that enables users to contribute directly to a product, service, or online content.
279	Cryptocurrency wallet	A storage unit for public and/or private keys for cryptocurrency transactions. These wallets may be a physical device, program, or service.
280	Cryptocurrency	An electronic medium of exchange that lacks physical form.
281	Cryptography	An algorithmic process to encrypt data, making the data unusable if received by unauthorized parties.
282	Cumulative preference shares	Preference shares for which any dividends that are not paid accrue and must be paid in full before dividends on common shares can be paid.
283	Cumulative voting	A voting process whereby shareholders can accumulate and vote all their shares for a single candidate in an election, as opposed to having to allocate their voting rights evenly among all candidates.
284	Currencies	Monies issued by national monetary authorities.
285	Currency swap	A swap in which each party makes interest payments to the other in different currencies.
286	Currency	Money issued by national monetary authorities.
287	Current government spending	With respect to government expenditures, spending on goods and services that are provided on a regular, recurring basis including health, education, and defense.
288	Current ratio	A measure of liquidity that is the ratio of current assets to current liabilities.
289	Current yield	The sum of the coupon payments received over the year divided by the flat price. Also called the income, interest yield, or running yield.
290	Customs union	Extends the free trade area (FTA) by not only allowing free movement of goods and services among members, but also creating a common trade policy against nonmembers.
291	CVaR	Conditional VaR, a tail loss measure. The weighted average of all loss outcomes in the statistical distribution that exceed the VaR loss.
292	Daily settlement	A specific process of <i>mark-to-market</i> by a central clearing party in which the profits and losses of all counterparties to derivatives contracts are determined using settlement prices for each contract.
293	Dark pools	Alternative trading systems that do not display the orders that their clients send to them.
294	Data mining	The practice of determining a model by extensive searching through a dataset for statistically significant patterns.
295	Data science	An interdisciplinary field that harnesses advances in computer science, statistics, and other disciplines for the purpose of extracting information from big data (or data in general).
296	Data snooping	The practice of determining a model by extensive searching through a dataset for statistically significant patterns.

297	Day order	An order that is good for the day on which it is submitted. If it has not been filled by the close of business, the order expires unfilled.
298	Days of inventory on hand (DOH)	The average number of days it would take to sell the amount of inventory on hand. It is calculated as either the ending or average balance of inventories divided by (cost of goods sold/days in the period).
299	Days payable outstanding (DPO)	The average number of days it takes a company to pay its suppliers. It is calculated as either the ending or average balance of accounts payable divided by (cost of goods sold/days in the period).
300	Days sales outstanding (DSO)	The average number of days it takes for a company to receive payment from customers who purchase goods or services on credit. It is calculated as either the ending or average balance of accounts receivable divided by (revenues/days in the period).
301	Dealers	Financial intermediaries, such as commercial banks or investment banks, who transact as counterparties with derivative end users.
302	Debt service coverage ratio	A ratio in which the net operating income of a real estate investment for a specific period is divided by the amount of debt service to be paid during the same time period.
303	Debt tax shield	The tax benefit from interest paid on debt being tax deductible from income, equal to the marginal tax rate multiplied by the value of the debt.
304	Debt	A claim against an entity to receive cash, stock, or other assets at a future date. From the perspective of the debtor or borrower, an obligation to pay cash, stock, or other assets at a future date. Generally, debt claims are unconditional and are senior to equity claims.
305	Debt-to-assets ratio	A solvency ratio calculated as total debt divided by total assets.
306	Debt-to-capital ratio	A solvency ratio calculated as total debt divided by total debt plus total shareholders' equity.
307	Debt-to-equity ratio	A solvency ratio calculated as total debt divided by total shareholders' equity.
308	Debt-to-income ratio (DTI)	Residential lending metric that compares an individual's monthly debt payments to their monthly pre-tax, gross income.
309	Debut issuer	An issuer approaching the bond market for the first time.
310	Deciles	Values that divide a distribution ranked smallest to largest into 10 equal parts.
311	Declaration date	The day that the corporation issues a statement declaring a specific dividend.
312	Decreasing returns to scale	When a production process leads to increases in output that are proportionately smaller than the increase in inputs.
313	Deductible temporary differences	Temporary differences that result in a reduction of or deduction from taxable income in a future period when the balance sheet item is recovered or settled.
314	Deep learning nets	See <i>Deep learning</i> .

315	Deep learning	An area of artificial intelligence in which a system uses neural networks to perform multistage, non-linear data processing to identify patterns. Also called <i>deep learning nets</i> .
316	Deep-in-the-money option	An option that is highly likely to be exercised.
317	Deep-out-of-the-money option	An option that is highly unlikely to be exercised.
318	Default risk premium	An extra return that compensates investors for the possibility that the borrower will fail to make a promised payment at the contracted time and in the contracted amount.
319	Default	When a borrower on a mortgage loan fails to meet the obligations of the loan.
320	Defeasance	Mechanism that allows prepayment on mortgage, but the borrower must purchase a portfolio of government securities that fully replicates the cash flows of the remaining scheduled principal and interest payments, including the balloon loan balance, on the loan.
321	Defensive interval ratio	A liquidity ratio that estimates the number of days that an entity could meet cash needs from liquid assets; calculated as (cash + short-term marketable investments + receivables) divided by daily cash expenditures.
322	Deferred coupon bonds	Bonds that pay no coupons for their first few years but then pay a higher coupon than they otherwise normally would for the remainder of their life. Also called <i>split coupon bonds</i> .
323	Deferred tax assets	A balance sheet asset that arises when an excess amount is paid for income taxes relative to accounting profit. The taxable income is higher than accounting profit and income tax payable exceeds tax expense. The company expects to recover the difference during the course of future operations when tax expense exceeds income tax payable.
324	Deferred tax liabilities	A balance sheet liability that arises when a deficit amount is paid for income taxes relative to accounting profit. The taxable income is less than the accounting profit and income tax payable is less than tax expense. The company expects to eliminate the liability over the course of future operations when income tax payable exceeds tax expense.
325	Defined benefit pension plans (DB plans)	Plans in which the company promises to pay a certain annual amount (defined benefit) to the employee after retirement. The company bears the investment risk of the plan assets.
326	Defined contribution pension plans	Individual accounts to which an employee and typically the employer makes contributions during their working years and expect to draw on the accumulated funds at retirement. The employee bears the investment and inflation risk of the plan assets.
327	Deflation	Negative inflation.
328	Degree of financial leverage	The ratio of percentage change in net income to percentage change in operating income over a period. It is a measure of how sensitive net income is to changes in operating income, driven by the firm's use of debt in its capital structure.
329	Degree of operating leverage	The ratio of percentage change in operating income to percentage change in sales over a period. It is a measure of how sensitive operating income is to changes in sales, driven by the fixed and variable cost composition of operating expenses.

330	Delta	The relationship between the option price and the underlying price, which reflects the sensitivity of the price of the option to changes in the price of the underlying. Delta is a good approximation of how an option price will change for a small change in the stock.
331	Demand shock	A typically unexpected disturbance to demand, such as an unexpected interruption in trade or transportation.
332	Dependent variable	The variable that is explained by a regression model.
333	Depository bank	A bank that raises funds from depositors and other investors and lends it to borrowers.
334	Depository institutions	Commercial banks, savings and loan banks, credit unions, and similar institutions that raise funds from depositors and other investors and lend it to borrowers.
335	Depository receipt	A security that trades like an ordinary share on a local exchange and represents an economic interest in a foreign company.
336	Depreciation	The process of systematically allocating the cost of long-lived (tangible) assets to the periods during which the assets are expected to provide economic benefits.
337	Derivative contract	A legal agreement between counterparties with a specific maturity , or length of time, until the closing of the transaction, or settlement .
338	Derivative pricing rule	A pricing rule used by crossing networks in which a price is taken (derived) from the price that is current in the asset's primary market.
339	Derivative	A financial instrument that derives its value from the performance of an underlying asset or factor (e.g., stock price, interest rate, or exchange rate).
340	Differentiated products	A product or service from a firm that is distinguishable or distinct from those of competing firms. It is customers who determine and value whether a product is differentiated.
341	Diffuse prior	The assumption of equal prior probabilities.
342	Diffusion index	Reflects the proportion of the index's components that are moving in a pattern consistent with the overall index.
343	Digital assets	The umbrella term covering assets that can be created, stored, and transmitted electronically and have associated ownership or use rights. Digital assets include a variety of assets, such as cryptocurrencies, tokens (security and utility), and digital collectables.
344	Diluted EPS	The EPS that would result if all dilutive securities were converted into common shares.
345	Dilution	An increase in the number of shares outstanding from share issuance that decreases the percentage of shares owned by existing shareholders.
346	Direct investing	Occurs when an investor makes a direct investment in an asset without the use of an intermediary.

347	Direct lending	A type of senior secured leveraged loan privately issued on a floating-rate basis by non-bank lenders, usually to small and medium-sized companies.
348	Direct listing	Where the equity of a security is floated on the public markets directly, without underwriters, reducing the complexity and cost of the transaction.
349	Direct sales	Marketing and/or delivering products and services to customers without an intermediary or third party between the customer and seller.
350	Direct taxes	Taxes levied directly on income, wealth, and corporate profits.
351	Discount factor	The price equivalent of a zero rate. Also may be stated as the present value of a currency unit on a future date.
352	Discount rate	A yield or pricing convention for money market instrument quotations. It is the interest earned on an instrument, derived from the difference between the price and face value, expressed as a percentage of the face value and multiplied by the periodicity of the annual rate.
353	Discounted cash flow models	Valuation models that estimate the intrinsic value of a security as the present value of the future benefits expected to be received from the security.
354	Discriminatory pricing rule	A pricing rule used in continuous markets in which the limit price of the order or quote that first arrived determines the trade price.
355	Diseconomies of scale	Increase in cost per unit resulting from increased production.
356	Dispersion	The variability of a population or sample of observations around the central tendency.
357	Display size	The size of an order displayed to public view.
358	Disposition effect	A type of cognitive bias that makes individuals unwilling to sell their possessions at a loss.
359	Distressed debt	Loans or bonds which face a high likelihood of non-payment or bankruptcy.
360	Distressed/restructuring	These strategies focus on securities of companies either in or perceived to be near bankruptcy. In one approach, hedge funds simply purchase fixed-income securities trading at a significant discount to par but that are still senior enough to be backed by sufficient corporate assets.
361	Distributed ledger technology (DLT)	Technology based on a distributed ledger.
362	Distributed ledger	A type of database that can be shared among entities in a network.
363	Diversification ratio	The ratio of the standard deviation of an equally weighted portfolio to the standard deviation of a randomly selected security.
364	Dividend discount model (DDM)	A present value model of stock value that views the intrinsic value of a stock as present value of the stock's expected future dividends.
365	Dividend payout ratio	The ratio of cash dividends paid to earnings for a period.

366	Dividends	Distributions of profits and/or net assets from a corporation to its shareholders. While often in cash, dividends can be also be paid in stock or assets, such as property.
367	Divisor	A number (denominator) used to determine the value of a price return index. It is initially chosen at the inception of an index and subsequently adjusted by the index provider, as necessary, to avoid changes in the index value that are unrelated to changes in the prices of its constituent securities.
368	Domestic bonds	A type of bond for which the issuer's domicile and jurisdiction of issuance are the same.
369	Domestic content provisions	Stipulate that some percentage of the value added or components used in production should be of domestic origin.
370	Double taxation	Income is taxed twice.
371	Downside risk	The potential for loss.
372	Drag on liquidity	An action or event that reduces available funds or delays cash inflows.
373	Drivers	Causative factors that explain the level of and changes in an output variable.
374	DSC ratio	A property's annual net operating income (NOI) divided by the debt service.
375	Dual-class structure	A capital structure that includes at least two classes of equity shares with unequal voting rights.
376	Dupont analysis	An approach to decomposing return on investment, e.g., return on equity, as the product of other financial ratios.
377	Duration gap	The difference between a bond's Macaulay duration and its investor's investment horizon.
378	Duration	The first-order, linear change in a bond's price for a given yield change in yield, which is a negative or inverse relationship.
379	Dynamic pricing	A pricing approach that charges different prices at different times. Specific examples include off-peak pricing, "surge" pricing, and "congestion" pricing.
380	Early repayment option	May entitle the borrower to prepay all or part of the outstanding mortgage principal prior to maturity. This creates a risk from the lender's or investor's viewpoint because the cash flow amounts and timing cannot be known with certainty.
381	Earnings surprise	The portion of a company's earnings that is unanticipated by investors and, according to the efficient market hypothesis, merits a price adjustment.
382	Economic indicators	Economic statistics provided by government and established private organizations that contain information on an economy's recent past activity or its current or future position in the business cycle.
383	Economic infrastructure investments	A category of infrastructure investments that support economic activity through transportation assets, information and communication technology assets, and utility and energy assets.

384	Economic stabilization	Reduction of the magnitude of economic fluctuations.
385	Economic union	Incorporates all aspects of a common market and in addition requires common economic institutions and coordination of economic policies among members.
386	Economies of scale	A decline in costs per unit as output grows, generally resulting from having fixed costs in the cost structure that are spread over more units of output.
387	Economies of scope	A decline in costs per unit as the number of product or business lines increases, generally resulting from having shared costs between the product lines.
388	Effective annual rate	An interest rate with a periodicity of one.
389	Effective convexity	An interest rate risk statistic that measures the non-linear/second-order effect of changes in the benchmark yield curve on a bond's price.
390	Effective duration	The sensitivity of the bond's price to an instantaneous parallel shift in a benchmark yield curve—for example, the government par curve.
391	Efficient market	A market in which asset prices reflect new information quickly and rationally. See also, <i>informationally efficient market</i> .
392	Either/or fee	A custom fee arrangement whereby major investors are offered a structure where managers agree to charge either a lower management fee or a higher incentive fee, whichever is greater.
393	Electronic communications networks (ECNs)	See <i>alternative trading systems</i> and <i>multilateral trading facilities</i> .
394	Embedded derivative	A derivative within an underlying, such as a callable, putable, or convertible bond.
395	Embedded options	Contingency provisions found in a bond's indenture representing rights that enable their holders to take advantage of interest rate movements. They can be exercised by the issuer, by the bondholder, or automatically depending on the course of interest rates.
396	Emotional biases	Behavioral biases resulting from reasoning influenced by feelings; emotional biases stem from impulse or intuition.
397	Empirical duration	Estimation of the price–yield relationship using historical bond market data in statistical models.
398	Employee stock ownership plan (ESOP)	A type of employee benefit plan in which a company sets up a trust fund to receive contributions of newly issued shares or cash to buy existing shares. Contributions are tax deductible up to certain limits. Shares in the trust fund are allocated to individual employees based on relative pay or a formula.
399	Endowment bias	An emotional bias in which people value an asset more when they hold rights to it than when they do not.
400	Enterprise risk management	An overall assessment of a company's risk position. A centralized approach to risk management sometimes called firmwide risk management.

401	Enterprise value (EV)	Total company value (the market value of debt, common equity, and preferred equity) minus the value of cash and investments.
402	Equal weighting	An index weighting method in which an equal weight is assigned to each constituent security at inception.
403	Equity swap	A swap transaction in which at least one cash flow is tied to the return on an equity portfolio position, often an equity index.
404	Equity	Ownership interest in an entity. A residual claim on the assets of an entity after more senior claims, such as debt, have been satisfied. Also known as <i>net assets</i> .
405	Error term	Represents the difference between the observed value of the independent variable and that expected from the true underlying population relation between the dependent and independent variable.
406	Estimated parameters	In a simple linear regression, the estimated parameters are the intercept and slope of the fitted line.
407	Ether	A programmable cryptocurrency created on the Ethereum blockchain in 2015 that allows for the execution of smart contracts.
408	Ethical principles	Beliefs regarding what is good, acceptable, or obligatory behavior and what is bad, unacceptable, or forbidden behavior.
409	Ethics	The study of moral principles or of making good choices. Ethics encompasses a set of moral principles and rules of conduct that provide guidance for our behavior.
410	Eurobonds	A type of bond issued internationally, outside the jurisdiction of the country in whose currency the bond is denominated.
411	European options	Options that may be exercised only at contract maturity.
412	European-style	Said of an option contract that can only be exercised on the option's expiration date.
413	Event risk	Risk that evolves around set dates, such as elections, new legislation, or other date-driven milestones, such as holidays or political anniversaries, known in advance. Example: Brexit referendum.
414	Excess kurtosis	Degree of kurtosis (fatness of tails) relative to the kurtosis of the normal distribution.
415	Excess spread	Surplus difference of yield remaining after payments to bondholders are made after expenses are made and losses are covered.
416	Exchange	A rules-based, open access market venue where financial instruments are traded, with price and volume transparency accessible by issuers, investors, and their intermediaries.
417	Exchange-traded derivative (ETD)	Futures, options, and other financial contracts available on exchanges.
418	Ex-dividend date	The first date that a share trades without (i.e., "ex") the right to receive the declared dividend for the period.
419	Execution instructions	Instructions that indicate how to fill an order.

420	Exercise date	The day that an option is exercised by its holder. For a call option, the day the strike price is paid and underlying is purchased. For a put option, when the strike price is received and the underlying is sold.
421	Exercise price	The pre-agreed execution price specified in an option contract. Sometimes, this price is referred to as the strike price.
422	Exercise	The decision to transact the underlying by an option holder.
423	Exogenous risk	A sudden or unanticipated risk that impacts either a country's cooperative stance, the ability of non-state actors to globalize, or both. Examples include sudden uprisings, invasions, or the aftermath of natural disasters.
424	Expansion	The period of a business cycle after its lowest point and before its highest point.
425	Expansionary fiscal policy	Fiscal policy aimed at achieving real economic growth.
426	Expansionary	Tending to cause the real economy to grow.
427	Expected exposure (EE)	The size of the investor's claim at the time of default.
428	Expected loss (EL)	Default probability times loss severity given default.
429	Expected return on the portfolio	Denoted as $(E(R_p))$. The weighted average of the expected returns (R_1 to R_n) on the component securities using their respective weights (w_1 to w_n).
430	Expected value of a random variable	The probability-weighted average of the possible outcomes of a random variable.
431	Expert system	A type of computer programming, often based on "if–then" rules, that attempts to simulate the knowledge base and analytical abilities of human experts in specific problem-solving contexts.
432	Export subsidy	Paid by the government to the firm when it exports a unit of a good that is being subsidized.
433	Exposure at default (EAD)	The size of the investor's claim at the time of default.
434	Extension risk	The risk of later repayment of a mortgage-backed security than expected.
435	External credit enhancements	Provisions or methods from a third party that allow a borrower improve their creditworthiness in a structured transaction.
436	External debt	Sovereign debt owed to foreign creditors.
437	Extra dividend	A dividend paid by a company that does not pay dividends on a regular schedule, or a dividend that supplements regular cash dividends with an extra payment.
438	Extraordinary general meetings (EGMs)	Meetings besides an AGM of the corporate board and shareholders, typically held to deliberate and vote on urgent matters. Corporate charters and bylaws specify who can call an EGM and under what conditions.
439	Extreme value theory	A branch of statistics that focuses primarily on extreme outcomes.

440	Face value	The amount of principal on a bond, also known as par value.
441	Factoring arrangement	When a company sells its accounts receivable to a lender (known as a factor) that assumes responsibility for the credit-granting and collection process.
442	Fair value hedge	Refers to a specific hedge accounting designation that applies when a derivative is deemed to offset the fluctuation in fair value of an asset or liability.
443	Fair value	A market-based measure of an investment based on observable or derived assumptions to determine a price that market participants would use to exchange an asset or liability in an orderly transaction at a specific time.
444	Fallen angels	Formerly investment-grade-rated issuers whose bonds are downgraded to high yield due to credit deterioration.
445	Fat-Tailed	Describes a distribution that has fatter tails than a normal distribution (also called leptokurtic).
446	Fed funds rate	The US interbank lending rate on overnight borrowings of reserves.
447	Federal funds rate	The US interbank lending rate on overnight borrowings of reserves. Also known as <i>Fed Funds rate</i> .
448	Fiat money	Money that is not convertible into any other commodity.
449	Fiduciary call	A combination of a purchased call option and investment in a risk-free bond with face value of the option's exercise price.
450	Fill or kill	See <i>immediate or cancel order</i> .
451	Finance lease	A type of lease which is more akin to the purchase or sale of the underlying asset.
452	Financial leverage ratio	A measure of financial leverage calculated as average total assets divided by average total equity.
453	Financial leverage	The use of debt in the capital structure. Measured using ratios such as operating income to operating income less interest expense, total assets to total equity, or debt to equity.
454	Financial risk	The risk arising from a company's capital structure and, specifically, from the level of debt and debt-like obligations.
455	Fintech	Technological innovation in the financial services industry, specifically with the design and delivery of financial services and products. It may also refer more broadly to companies involved in developing the new technologies and their applications, as well as the business sector that includes such companies.
456	Firm commitment	A pre-determined amount (price and quantity) is agreed to be exchanged at settlement. Examples of firm commitments include forward contracts, futures contracts, and swaps.
457	First lien debt	Debt secured by a pledge of certain assets that could include buildings, but it may also include property and equipment, licenses, patents, brands, etc.
458	First lien	Also known as a priority lien, this investor protection grants a lender the right to take possession of property from a borrower which fails to repay debt.

459	First mortgage debt	Debt secured by a pledge of a specific property.
460	Fiscal multiplier	The ratio of a change in national income to a change in government spending.
461	Fiscal policy	The use of taxes and government spending to affect the level of aggregate expenditures.
462	Fixed charge coverage ratio	A measure of how well a company's earnings covers its fixed expenses, which may include debt payments, interest expense, and lease costs.
463	Fixed charge coverage	A solvency ratio measuring the number of times interest and lease payments are covered by operating income, calculated as (EBIT + lease payments) divided by (interest payments + lease payments).
464	Fixed-income instruments	Debt instruments such as loans or bonds.
465	Fixed-income securities	Fixed-income instruments designed to be more easily tradeable than a loan, such as a bond.
466	Fixed-price call	A contingency provision that grants an issuer the right to buy back a bond at a predetermined price in the future.
467	Fixed-rate payer	The counterparty paying fixed cash flows in a swap contract. May also be referred to as the floating-rate receiver.
468	Flat price	The full price of a bond minus accrued interest. Flat prices are usually quoted by bond dealers.
469	Float-adjusted market-capitalization weighting	An index weighting method in which the weight assigned to each constituent security is determined by adjusting its market capitalization for its market float.
470	Floating-rate notes	Notes on which interest payments are not fixed but instead vary from period to period depending on the current level of a reference interest rate. Also known as <i>floaters</i> .
471	Floating-rate payer	The counterparty paying the variable cash flows in a swap contract. May also be referred to as the fixed-rate receiver.
472	Forecast object	A variable on or related to an issuer's financial statements that an analyst makes a projection for. Examples include drivers of financial statements, financial statement lines, and summary measures like EBITDA.
473	Foreclosure	Allows a lender to take possession of the property and ultimately sell the property to recover funds toward satisfying the outstanding debt obligation.
474	Foreign bonds	A type of bond for which the issuer's domicile and jurisdiction of issuance are different.
475	Foreign currency reserves	Holding by the central bank of non-domestic currency deposits and non-domestic bonds.
476	Foreign direct investments (FDI)	Long-term investments in the productive capacity of a foreign country.
477	Foreign exchange gains (or losses)	Gains (or losses) that occur when the exchange rate changes between the investor's currency and the currency that foreign securities are denominated in.

478	Forward contract	A derivative contract for the future exchange of an underlying at a fixed price set at contract signing.
479	Forward price	Represents the price agreed upon in a forward contract to be exchanged at the contract's maturity date, T . This price is shown in equations as $F_0(T)$.
480	Forward price-to-earnings ratio	A P/E calculated on the basis of a forecast of EPS; a stock's current price divided by next year's expected earnings.
481	Forward rate agreement (FRA)	An OTC derivatives contract in which counterparties agree to apply a specific interest rate to a future time period.
482	Founders class shares	A way to entice early participation in startup funds whereby managers offer incentives that entitle investors to a lower fee structure and/or other favorable terms.
483	Framing bias	An information-processing bias in which a person answers a question differently based on the way in which it is asked (framed).
484	Franchising	A situation where an owner of an asset and associated intellectual property divests the asset and licenses intellectual property to a third-party operator (franchisee) in exchange for royalties. Franchisees operate under the constraints of a franchise agreement.
485	Free cash flow hypothesis	The hypothesis that higher debt levels discipline managers by forcing them to make fixed debt service payments and by reducing the company's free cash flow.
486	Free cash flow	The actual cash that would be available to the company's investors after making all investments necessary to maintain the company as an ongoing enterprise (also referred to as free cash flow to the firm); the internally generated funds that can be distributed to the company's investors (e.g., shareholders and bondholders) without impairing the value of the company.
487	Free float	The portion of a listed company's equity securities that are not held by insiders, strategic investors, sponsors, founders, and so on, that are more freely available for trading.
488	Free trade areas	One of the most prevalent forms of regional integration, in which all barriers to the flow of goods and services among members have been eliminated.
489	Free-cash-flow-to-equity models	Valuation models based on discounting expected future free cash flow to equity.
490	Freemium business model	A pricing approach that allows customers a certain level of usage or functionality at no charge. Those who wish to use more must pay.
491	Frequency table	A representation of the frequency of occurrence of two discrete variables.
492	Full price	The price of a bond including any accrued interest owed to the seller. It is the flat price plus accrued interest.
493	Fully amortizing loan	A loan or bond with a payment schedule that calls for the complete repayment of principal over the instrument's time to maturity.
494	Fund investing	In fund investing, the investor invests in assets indirectly by contributing capital to a fund as part of a group of investors. Fund investing is available for all major alternative investment types.

495	Fund of funds	Funds that hold a portfolio of hedge funds; also called <i>funds of hedge funds</i> .
496	Fundamental analysis	The examination of publicly available information and the formulation of forecasts to estimate the intrinsic value of assets.
497	Fundamental growth	These strategies use fundamental analysis to identify companies expected to exhibit high growth and capital appreciation.
498	Fundamental long/short	In this strategy, the hedge fund takes a long position in companies that are trading at inexpensive levels compared to their potential intrinsic value and shorts those that trade in the other direction, with the intention of reversing this trade to obtain alpha.
499	Fundamental value	These strategies use fundamental analysis to identify undervalued and unloved companies for which there is a possibility that a corporate turnaround, with future revenue and cash flow growth, will result in higher valuations.
500	Fundamental weighting	An index weighting method in which the weight assigned to each constituent security is based on its underlying company's size. It attempts to address the disadvantages of market-capitalization weighting by using measures that are independent of the constituent security's price.
501	Fungible	Freely exchangeable, interchangeable, or substitutable with other things of the same type. Money and commodities are the most common examples.
502	Futures contract basis point value (BPV)	The change in price of a futures contract given a 1 basis point (0.01%) change in yield.
503	Futures contract	A variation of a forward contract that has essentially the same basic definition but with some additional features, such as a clearinghouse guarantee against credit losses, a daily settlement of gains and losses, and an organized electronic or floor trading facility.
504	Futures margin account	An account held by an exchange clearinghouse for each derivatives counterparty. The funds in such an account are used to ensure that counterparties do not default on their contract obligation.
505	Futures price	The pre-agreed price at which a futures contract buyer (seller) agrees to pay (receive) for the underlying at the maturity date of the futures contract.
506	FX swap	The combination of a spot and a forward FX transaction.
507	Game theory	The set of tools decision makers use to incorporate responses by rival decision makers into their strategies.
508	Gamma	A numerical measure of how sensitive an option's delta (the sensitivity of the derivative's price) is to a change in the value of the underlying.
509	Gate	A provision that when implemented limits or restricts redemptions for a period of time.
510	General collateral repo rate	The interest rate on a general collateral repo.
511	General collateral repo	Rather than involving a specific security, a repo that instead references a specific group of securities as eligible collateral (such as government bonds of a specific maturity).

512	General obligation (GO) bonds	Unsecured bonds issued by a non-sovereign government which are backed by the taxing authority of the issuer.
513	General obligation bonds	Also known as GO bonds. Bonds issued by non-sovereign governments for general purposes and repaid from tax cash flows.
514	General partners (GPs)	Private fund managers responsible for sourcing and deploying capital from limited partner investors over an investment life cycle and distributing returns to those investors over a finite investment holding period.
515	General partnership	A business organizational form owned entirely by general partners.
516	Geophysical resource endowment	Includes such factors as livable geography and climate as well as access to food and water, which are necessary for sustainable growth. Geophysical resource endowment is highly unequal among countries.
517	Geopolitics	The study of how geography affects politics and international relations. These relations matter for investments because they contribute to important drivers of investment performance, including economic growth, business performance, market volatility, and transaction costs.
518	Gilts	Bonds issued by the UK government.
519	Global depository receipt (GDR)	A depository receipt that is issued outside of the company's home country and outside of the United States.
520	Global minimum-variance portfolio	The portfolio on the minimum-variance frontier with the smallest variance of return.
521	Global registered share (GRS)	A common share that is traded on different stock exchanges around the world in different currencies.
522	Globalization	The process of interaction and integration among people, companies, and governments worldwide. It is marked by the spread of products, information, jobs, and culture across borders.
523	Gold standard	With respect to a currency, if a currency is on the gold standard a given amount can be converted into a prespecified amount of gold.
524	Good-on-close	An execution instruction specifying that an order can only be filled at the close of trading. Also called <i>market-on-close</i> .
525	Good-on-open	An execution instruction specifying that an order can only be filled at the opening of trading.
526	Good-till-cancelled order	An order specifying that it is valid until the entity placing the order has cancelled it (or, commonly, until some specified amount of time such as 60 days has elapsed, whichever comes sooner).
527	Goodwill	An intangible asset that represents the excess of the purchase price of an acquired company over the value of the net identifiable assets acquired.
528	Governance tokens	In permissionless networks, governance tokens serve as votes to determine how the particular network is run.
529	Government debt management	Government policies that relate to the issuance of debt securities, typically handled by a treasurer or finance ministry.
530	Government equivalent yield	Measures quoted using actual/actual day counts.

531	Grant date	The day that terms of compensation are communicated by an issuer and accepted by an employee recipient.
532	Green bonds	Bonds used in green finance whereby the proceeds are earmarked toward environmental-related products.
533	Greenfield investments	New, “to-be-built” infrastructure projects and assets created to provide a specific essential service or to supply a public good.
534	Gross profit margin	The ratio of gross profit to revenues.
535	Groupthink	A behavioral bias that occurs when a team minimizes conflict and dissent in reaching and maintaining a consensus.
536	Growth cycle	Refers to fluctuations in economic activity around the long-term potential trend growth level, focusing on how much actual economic activity is below or above trend growth in economic activity.
537	Growth option	The option to make additional investments in a project at some future time if the financial results are strong. Also called an <i>expansion option</i> .
538	Growth rate cycle	Refers to fluctuations in the growth rate of economic activity.
539	G-spread	Yield spread in basis points between a bond’s yield-to-maturity and that of an actual or interpolated government bond. It represents the return for bearing risks relative to the government bond.
540	Haircut	The difference between the market value of the security used as collateral and the value of the loan. Also called <i>repo margin</i> .
541	Halo effect	An emotional bias that extends a favorable evaluation of some characteristics to other characteristics.
542	Hard commodities	Traded natural resources, such as crude oil and metals, with markets often involving the physical delivery of the underlying upon settlement.
543	Hard hurdle rate	The minimum rate of return in a performance-based fee arrangement in which the GP earns only fees on annual returns that exceed the hurdle rate.
544	Hard-bullet covered bonds	Type of security where if payments do not occur according to the original schedule of a covered bond, a bond default is triggered and bond payments are accelerated.
545	Harmonic mean	A type of weighted mean computed as the reciprocal of the arithmetic average of the reciprocals.
546	Hedge accounting	Accounting standard(s) that allow an issuer to offset a hedging instrument (usually a derivative) against a hedged transaction or balance sheet item to reduce financial statement volatility.
547	Hedge funds	Private investment vehicles that may invest in public equities or publicly traded fixed-income assets, private capital, and/or real assets, but they are distinguished by their investment <i>approach</i> rather than by the investments themselves.
548	Hedge ratio	The proportion of an underlying investment position that will offset the risk associated with a derivative position.

549	Hedge	The derivative contract used in hedging an exposure.
550	Hedging	The use of a derivative contract to offset or neutralize existing or anticipated exposure to an underlying.
551	Hegemony	Countries that are regional or even global leaders and use their political or economic influence of others to control resources.
552	Held-to-maturity	Debt (fixed-income) securities that a company intends to hold to maturity; these are presented at their original cost, updated for any amortisation of discounts or premiums.
553	Herding	Clustered trading that may or may not be based on information.
554	Herfindahl-Hirschman Index (HHI)	A measure of market concentration, calculated as the sum of the squares of competitor market shares. Antitrust regulators in some countries consider markets with an HHI between 1,500 and 2,500 moderately concentrated and consider markets with an HHI over 2,500 highly concentrated.
555	Heteroskedasticity	Non-constant variance across all observations.
556	Hidden order	An order that is exposed not to the public but only to the brokers or exchanges that receive it.
557	Hidden revenue business model	Business models that provide services to users at no charge and generate revenues elsewhere.
558	High yield	Bond issuers and issues rated BB+ (Ba1 on Moody's scale) or lower. Also known as speculative grade and junk.
559	High-water mark	A measure that reflects the fund's maximum value as of a performance fee payment date net of fees.
560	Hindsight bias	A type of cognitive bias that makes individuals misremember the past in ways that make them appear to have made better and more well-informed choices.
561	Holder-of-record date	The date that a shareholder listed on the corporation's books will be deemed to have ownership of the shares for purposes of receiving an upcoming dividend.
562	Holding period return	The single-period internal rate of return for a real estate property that includes property income and the change in property value over the period.
563	Home bias	A preference for securities listed on the exchanges of one's home country.
564	Homogeneity of expectations	The assumption that all investors have the same economic expectations and thus have the same expectations of prices, cash flows, and other investment characteristics.
565	Homoskedasticity	Constant variance across all observations.
566	Horizon yield	An investor's total rate of return on a fixed income instrument over their holding period, including reinvested coupon payments. It is an internal rate of return expressed as an annualized rate.

567	Hostile takeover	When a potential acquirer seeks to acquire a company (the target) against the wishes of the target's board of directors. Typically, a tender offer is used to carry out the hostile takeover, against which a board might use a poison pill in its defense.
568	Household	A person or a group of people living in the same residence, taken as a basic unit in economic analysis.
569	Human capital	The present value of an individual's future expected labor income.
570	Hurdle rate	A predetermined minimum rate of return an investment fund must reach before a GP receives incentive-based compensation.
571	Hypothesis testing	The process of testing of hypotheses about one or more populations using statistical inference.
572	Hypothesis	A proposed explanation or theory that can be tested.
573	Iceberg order	An order in which the display size is less than the order's full size.
574	If-converted method	A method for accounting for the effect of convertible securities on earnings per share (EPS) that specifies what EPS would have been if the convertible securities had been converted at the beginning of the period, taking account of the effects of conversion on net income and the weighted average number of shares outstanding.
575	Illusion of control bias	A bias in which people tend to believe that they can control or influence outcomes when, in fact, they cannot.
576	Immediate or cancel order	An order that is valid only upon receipt by the broker or exchange. If such an order cannot be filled in part or in whole upon receipt, it cancels immediately. Also called <i>fill or kill</i> .
577	Impact lag	The lag associated with the result of actions affecting the economy with delay.
578	Implied forward rate	An interest rate or yield over a future period implied by the current term structure of interest rates.
579	Import license	Specifies the quantity of a good that can be imported into a country.
580	Income tax paid	The actual amount paid for income taxes in the period; not a provision, but the actual cash outflow.
581	Income tax payable	The income tax owed by the company on the basis of taxable income.
582	Increasing returns to scale	When a production process leads to increases in output that are proportionately larger than the increase in inputs.
583	Incurrence test	A financial ratio or other measurement taken prior to an action such as debt issuance, usually on a pro forma basis taking the action into account. Satisfaction of the test (e.g., leverage ratio below a certain value) is linked to covenants between the issuer and investors.
584	Indenture	A written contract between a lender and borrower that specifies the terms of the loan, such as interest rate, interest payment schedule, or maturity.

585	Independent directors	Members of a corporation's board of directors who do not have an employment or familial relationship with the company, nor do they have a relationship that would impair their independence such as an economic interest in a vendor or competitor of the company.
586	Independent variable	An explanatory variable in a regression model.
587	Independent	With reference to events, the property that the occurrence of one event does not affect the probability of another event occurring. With reference to two random variables X and Y , they are independent if and only if $P(X, Y) = P(X)P(Y)$.
588	Independently and identically distributed	With respect to random variables, the property of random variables that are independent of each other but follow the identical probability distribution.
589	Indexing	An investment strategy in which an investor constructs a portfolio to mirror the performance of a specified index.
590	Index-linked bonds	A bond whose coupon payments or principal repayment is linked to a specified index.
591	Indicator variable	A variable that takes on only one of two values, 0 or 1, based on a condition. In simple linear regression, the slope is the difference in the dependent variable for the two conditions. Also referred to as a <i>dummy variable</i> .
592	Indifference curve	A curve representing all the combinations of two goods or attributes such that the consumer is entirely indifferent among them.
593	Indirect taxes	Taxes such as taxes on spending, as opposed to direct taxes.
594	Inflation premium	An extra return that compensates investors for expected inflation.
595	Inflation reports	A type of economic publication put out by many central banks.
596	Inflation-linked bonds	Debt instruments that link the principal and interest to inflation.
597	Information cascade	The transmission of information from those participants who act first and whose decisions influence the decisions of others.
598	Informationally efficient market	A market in which asset prices reflect new information quickly and rationally.
599	Information-motivated traders	Traders that trade to profit from information that they believe allows them to predict future prices.
600	Infrastructure	A type of real asset that is intended for public use and provides essential services. These assets are typically long-lived fixed assets, such as bridges and toll roads.
601	Initial coin offering (ICO)	An unregulated process whereby companies raise capital by selling crypto-tokens to investors in exchange for fiat money or another agreed-upon cryptocurrency.
602	Initial margin requirement	The margin requirement on the first day of a transaction as well as on any day in which additional margin funds must be deposited.

603	Initial margin	The ratio of the price of collateral to the value of cash exchanged in a repo; a value over 1.0 or 100% indicates overcollateralization.
604	Initial public offering (IPO)	The first issuance of common shares to the public by a formerly private corporation.
605	Inside directors	Members of a corporation's board of directors who are not independent. Typically, inside directors are employees or founders (and their family) of the company.
606	Insolvency	A situation in which an issuer's total liabilities exceed the market value of its assets.
607	Institution	An established organization or practice in a society or culture. An institution can be a formal structure, such as a university, organization, or process backed by law; or it can be informal, such as a custom or behavioral pattern important to society. Institutions can, but need not be, formed by national governments. Examples of institutions include non-governmental organizations, charities, religious customs, family units, the media, political parties, and educational practice.
608	Intangible assets	Assets without a physical form, such as patents and trademarks.
609	Interbank market	The market of loans and deposits between banks for maturities ranging from overnight to one year.
610	Intercept	The estimated value of the dependent variable when the independent variable is zero.
611	Interest coverage ratio	A measure of an issuer's ability to service its debt, typically the ratio of operating income or EBIT to interest expense.
612	Interest coverage	A solvency ratio calculated as EBIT divided by interest payments.
613	Interest rate swap	A swap in which the underlying is an interest rate. Can be viewed as a currency swap in which both currencies are the same and can be created as a combination of currency swaps.
614	Interest rate	A rate of return that reflects the relationship between differently dated cash flows; a discount rate.
615	Interest-indexed bond	A type of index-linked bond for which changes in the index are captured with adjustments to interest payments.
616	Internal credit enhancements	Provisions or methods a borrower initiates to improve their creditworthiness in a structured transaction, such as overcollateralization or excess spread.
617	Internal rate of return (IRR)	The uniform discount rate for a series of cash flows over n periods that returns a net present value of zero.
618	Internal rate of return	The discount rate that makes net present value equal 0; the discount rate that makes the present value of an investment's costs (outflows) equal to the present value of the investment's benefits (inflows).
619	Internet of things	The vast array of physical devices, home appliances, smart buildings, vehicles, and other items that are embedded with electronics, sensors, software, and network connections that enable the objects in the system to interact and share information.
620	Interquartile range	The difference between the third and first quartiles of a dataset.

621	In-the-money	Describes an option with a positive intrinsic value.
622	Intrinsic value	The amount gained (per unit) by an option buyer if an option is exercised at any given point in time. May be referred to as the exercise value of the option.
623	Investment banks	Financial intermediaries that provide advice to their mostly corporate clients and help them arrange transactions such as initial and seasoned securities offerings.
624	Investment grade	Bond issuers and issues rated BBB- (Baa3 on Moody's scale).
625	Investment policy statement	A written planning document that describes a client's investment objectives and risk tolerance over a relevant time horizon, along with the constraints that apply to the client's portfolio.
626	I-spread	Also known as interpolated spread, it is the yield spread for a bond over the standard swap rate in that currency of the same tenor.
627	Issue rating	A rating which seeks to capture the credit risk of a specific financial obligation of an issuer which takes such factors as seniority into account.
628	Issuer rating	A rating which seeks to capture the probability of default or expected loss of the issuer's overall financial obligations.
629	Jackknife	A resampling method that repeatedly draws samples by taking the original observed data sample and leaving out one observation at a time (without replacement) from the set.
630	January effect	Calendar anomaly that stock market returns in January are significantly higher compared to the rest of the months of the year, with most of the abnormal returns reported during the first five trading days in January. Also called <i>turn-of-the-year effect</i> .
631	J-curve effect	Net income over a multiyear private investment holding period characterized by negative returns in an initial phase, followed by cash flow and income growth toward the end of the holding period.
632	Joint probability function	A function giving the probability of joint occurrences of values of stated random variables.
633	Judgmental sampling	A procedure of selectively handpicking elements from the population based on a researcher's knowledge and professional judgment.
634	Junior debt	Debt obligation with lower priority of payment than senior debt obligations.
635	Key rate duration	Also known as partial duration, is a measure of a bond's sensitivity to a change in the benchmark yield at a specific maturity.
636	Keynesians	Economists who believe that fiscal policy can have powerful effects on aggregate demand, output, and employment when there is substantial spare capacity in an economy.
637	Kurtosis	The statistical measure that indicates the combined weight of the tails of a distribution relative to the rest of the distribution.

638	Lagging economic indicators	Turning points that take place later than those of the overall economy; they are believed to have value in identifying the economy's past condition.
639	Law of one price	A principle that states that if two investments have the same or equivalent future cash flows regardless of what will happen in the future, then these two investments should have the same current price.
640	Lead underwriter	The lead investment bank in a syndicate of investment banks and broker-dealers involved in a securities underwriting.
641	Leading economic indicators	Turning points that usually precede those of the overall economy; they are believed to have value for predicting the economy's future state, usually near-term.
642	Legal tender	Something that must be accepted when offered in exchange for goods and services.
643	Lender of last resort	An entity willing to lend money when no other entity is ready to do so.
644	Leptokurtic	Describes a distribution that has fatter tails than a normal distribution (also called fat-tailed).
645	Lessee	Tenant or property user that enters a lease with a property owner or lessor.
646	Lessor	Property owner or manager that leases a property to a tenant or property user.
647	Level of significance	The probability of a Type I error in testing a hypothesis.
648	Leverage	A measure for identifying a potentially influential high-leverage point.
649	Leveraged buyout (LBO)	A transaction whereby the target company management team converts the target to a privately held company by using heavy borrowing to finance the purchase of the target company's outstanding shares.
650	Leveraged loans	Loans made to a borrower or issuer with relatively lower credit quality and/or higher leverage.
651	Liability-driven investing	An investment industry term that generally encompasses asset allocation that is focused on funding an investor's liabilities in institutional contexts.
652	Licensing arrangements	Rights to produce a product or have access to intangible assets using someone else's brand name in return for a royalty (often a percentage of revenues).
653	Lien	A legal right or claim to property by a creditor.
654	Likelihood	The probability of an observation, given a particular set of conditions.
655	Limit order book	The book or list of limit orders to buy and sell that pertains to a security.
656	Limit order	Instructions to a broker or exchange to obtain the best price immediately available when filling an order, but in no event accept a price higher than a specified (limit) price when buying or accept a price lower than a specified (limit) price when selling.

657	Limited company	A business organizational form owned by shareholders or members with limited liability who elect a board of directors to appoint management. Generally, limited companies have indefinite life and easier transfer of ownership interests than limited partnerships.
658	Limited liability partnership (LLP)	A business organizational form available in some jurisdictions owned entirely by limited partners with limited liability.
659	Limited partners (LPs)	Outside investors in a private market fund who own a fractional interest in a limited, closed-end partnership managed by a general partner based on the investment commitment and other terms set out in a limited partner agreement.
660	Limited partnership agreement (LPA)	A legal document that outlines the rules of the partnership and establishes the framework that ultimately guides the fund's operations throughout its life.
661	Limited partnership	Closed-end form of ownership frequently used in private market funds in which private market fund investors, or limited partners, commit capital that is invested, managed, and distributed by a private market fund manager, or general partner, over an investment holding period.
662	Linear derivatives	Firm commitment derivative contracts in which the contract's payoff/profit function is linear with respect to the price of the underlying.
663	Lin-log model	A functional form for transforming regression model data in which the dependent variable is linear but the independent variable is logarithmic.
664	Liquid market	Said of a market in which traders can buy or sell with low total transaction costs when they want to trade.
665	Liquidity premium	The compensation for liquidity risk that increases in proportion to the investment's illiquidity.
666	Liquidity ratios	Financial ratios measuring the company's ability to meet its short-term obligations to creditors as they come due.
667	Liquidity risk	The risk that an investment may not be readily sold at its true value.
668	Liquidity trap	A condition in which the demand for money becomes infinitely elastic (horizontal demand curve) so that injections of money into the economy will not lower interest rates or affect real activity.
669	Liquidity	The extent to which a company is able to meet its short-term obligations using cash flows and those assets that can be readily transformed into cash.
670	Load fund	A mutual fund in which, in addition to the annual fee, a percentage fee is charged to invest in the fund and/or for redemptions from the fund.
671	Loans	Debt instruments agreed to between a borrower and lender, typically a bank.
672	Loan-to-value ratio (LTV)	Ratio of the amount of the mortgage to the property's value. The lower the LTV, the higher the borrower's equity. From the lender's perspective, the higher the borrower's equity, the less likely the borrower is to default.

673	Lockout or revolving period	For an ABS with a non-amortizing collateral pool, such as credit card debt, is the period in which the cash proceeds from principal repayments are reinvested in additional loans with a principal equal to the principal repaid. During this period, there is no prepayment risk and potential default risk is generally limited. When the lockout period is over, principal repayments are used to pay off the outstanding principal on the ABS. Lockout period and revolving period are interchangeable.
674	Lockup period	The minimum holding period before investors are allowed to make withdrawals or redeem shares from a fund. Its purpose is to allow the hedge fund manager the required time to implement and potentially realize a strategy's expected results.
675	Log-lin model	A functional form for transforming regression model data in which the dependent variable is logarithmic but the independent variable is linear.
676	Log-log model	A functional form for transforming regression model data in which both the dependent and independent variables are in logarithmic form.
677	Long position	A position in an asset or contract in which one owns the asset or has an exercisable right under the contract.
678	Long	A trading position in a derivative contract that gains value as the price of the underlying moves higher.
679	Long-run average total cost	The curve describing average total cost when no costs are considered fixed.
680	Loss aversion	The tendency of people to dislike losses more than they like comparable gains.
681	Loss given default (LGD)	The amount a debtholder fails to recover if a default occurs, usually expressed as a percentage of par value.
682	Loss severity	Portion of a bond's value (including unpaid interest) an investor loses in the event of default.
683	Loss-aversion bias	A bias in which people tend to strongly prefer avoiding losses as opposed to achieving gains.
684	Low-cost producer	A firm with lower production costs than its industry competitors.
685	M2 alpha	Difference between the risk-adjusted performance of the portfolio and the performance of the benchmark.
686	M2	A measure of what a portfolio would have returned if it had taken on the same total risk as the market index.
687	Macaulay duration	The present-value weighted average time to receipt of cash flows for fixed-income instrument, also the holding period needed to balance coupon reinvestment risk and price risk for a one-time instantaneous “parallel” shift in the yield curve once the bond purchase is settled. It is named after Frederick Macaulay, the Canadian economist who introduced the concept in 1938.
688	Machine learning (ML)	Involves computer-based techniques that seek to extract knowledge from large amounts of data without making any assumptions about the data's underlying probability distribution. The goal of ML algorithms is to automate decision-making processes by generalizing, or “learning,” from known examples to determine an underlying structure in the data.
689	Maintenance capital expenditures	Investments in assets to keep them in operation or increase their efficiency without extending their useful lives.

690	Maintenance margin requirement	The margin requirement on any day other than the first day of a transaction.
691	Maintenance margin	Minimum balance set below the initial margin that each contract buyer and seller must hold in the futures margin account from trade initiation until final settlement at maturity.
692	Management buy-in	A type of leveraged buyout where the current management team is replaced with the acquiring team involved in managing the company.
693	Management buyout	A private sale to a strategic buyer that includes a company's existing management. The management team commits their own equity capital along with other investors as an incentive to grow the firm's cash flows and value.
694	Management guidance	Management of public companies may publicly provide targets for earnings, revenues, and other measures (e.g., capital expenditures) for the next quarter, year, or longer term. Guidance can be detailed or rather directional and is often updated throughout the year. Initial guidance for next fiscal year might be provided during the fourth-quarter earnings call and updated for completed quarters, and new information provided at the first-, second-, and third-quarter earnings calls. Also known simply as <i>guidance</i> .
695	Margin call	Request to a derivatives contract counterparty to immediately deposit funds to return the futures margin account balance to the initial margin.
696	Margin financing	A financing arrangement whereby the prime broker lends shares, bonds, or derivatives and the hedge fund (or investment manager) deposits cash or other collateral into a margin account at the prime broker based on certain fractions of the investment positions.
697	Margin loan	Money borrowed from a broker to purchase securities.
698	Marginal propensity to consume	The proportion of an additional unit of disposable income that is consumed or spent; the change in consumption for a small change in income.
699	Marginal propensity to save	The proportion of an additional unit of disposable income that is saved (not spent).
700	Mark to market (MTM)	The practice in which a central clearing party assigns profits and losses to counterparties to derivative contracts. In exchange-traded markets, this practice takes place daily and is often referred to as daily settlement.
701	Market anomaly	Change in the price or return of a security that cannot directly be linked to current relevant information known in the market or to the release of new information into the market.
702	Market bid–ask spread	The difference between the best bid and the best offer.
703	Market discount rate	The rate of return required by investors given the risk of the bond investment, also known as the required yield or required rate of return.
704	Market float	The number of shares that are available to the investing public.
705	Market makers	Over-the-counter (OTC) dealers who typically enter into offsetting bilateral transactions with one another to transfer risk to other parties.

706	Market model	A regression model with the return on a stock as the dependent variable and the returns on a market index as the independent variable.
707	Market multiple models	Valuation models based on share price multiples or enterprise value multiples.
708	Market neutral	These strategies use quantitative, fundamental, and technical analysis to identify under- and overvalued equity securities. The hedge fund takes long positions in undervalued securities and short positions in overvalued securities, while seeking to maintain a market-neutral net position.
709	Market order	Instructions to a broker or exchange to obtain the best price immediately available when filling an order.
710	Market reference rate (MRR)	The interest rate underlying used in interest rate swaps. These rates typically match those of loans or other short-term obligations. Survey-based Libor rates used as reference rates in the past have been replaced by rates based on a daily average of observed market transaction rates. For example, the Secured Overnight Financing Rate (SOFR) is an overnight cash borrowing rate collateralized by US Treasuries. Other MRRs include the euro short-term rate (€STR) and the Sterling Overnight Index Average (SONIA).
711	Market risk	Risk related to market movements, e.g., unexpected changes in share prices, interest rates, currency exchange rates, and commodity prices.
712	Market share	A company's or product's revenue expressed as a percentage of its market size.
713	Market size	Total sales for a good or service, which can be calculated on a global or more regional basis.
714	Market value	The price at which an asset or security can currently be bought or sold in an open market.
715	Marketable limit order	A buy limit order in which the limit price is placed above the best offer, or a sell limit order in which the limit price is placed below the best bid. Such orders generally will partially or completely fill right away.
716	Market-capitalization weighting	An index weighting method in which the weight assigned to each constituent security is determined by dividing its market capitalization by the total market capitalization (sum of the market capitalization) of all securities in the index. Also called <i>value weighting</i> .
717	Market-on-close	An execution instruction specifying that an order can only be filled at the close of trading.
718	Markowitz efficient frontier	The graph of the set of portfolios offering the maximum expected return for their level of risk (standard deviation of return).
719	Master limited partnership (MLP)	Has similar features to limited partnerships but is usually a more liquid investment that is often publicly traded.
720	Master repurchase agreement	A legal document governing all repo trades between two parties.
721	Match funding	Financing an asset with a source, such as a loan or bond, that is aligned with certain attributes of the asset, such as duration and the respective streams of income and financing costs.
722	Material	(materiality) Refers to information that is decision-useful for a reasonable investor.

723	Matrix pricing	An estimation process for financial instruments based on the prices of comparable instruments.
724	Maturity premium	An extra return that compensates investors for the increased sensitivity of the market value of debt to a change in market interest rates as maturity is extended.
725	Maturity structure of interest rates	Also known as the term structure of interest rates, refers to the difference in interest rates or benchmark yields by time-to-maturity.
726	Maturity	The date of a fixed-income instrument's final payment to investors.
727	Mean absolute deviation	With reference to a sample, the mean of the absolute values of deviations from the sample mean.
728	Mean square error (MSE)	Calculated as the sum of squares error (SSE) divided by the degrees of freedom, which are the number of observations minus the number of independent variables minus one. Since simple linear regression has just one independent variable, the degrees of freedom calculation is the number of observations minus 2.
729	Mean square regression (MSR)	Calculated as the sum of squares regression (SSR) divided by the number of independent variables in the regression model. In simple linear regression, there is only one independent variable, so MSR equals SSR.
730	Mean–variance analysis	An approach to portfolio analysis using expected means, variances, and covariances of asset returns.
731	Measure of central tendency	A quantitative measure that specifies where data are centered.
732	Measures of location	Quantitative measures that describe the location or distribution of data. They include not only measures of central tendency but also other measures, such as percentiles.
733	Median	The “middlemost” observation; i.e., in a set of observations that has been ranked from highest to lowest, the median will lie in the middle.
734	Meme coin	A type of altcoin that is often inspired by a joke.
735	Mental accounting bias	An information-processing bias in which people treat one sum of money differently from another equal-sized sum based on which mental account the money is assigned to.
736	Merger arbitrage	Special situations investments related to business combinations in which investors seek to capitalize on price discrepancies of securities issued by the target company.
737	Mesokurtic	Describes a distribution with kurtosis equal to that of the normal distribution, namely, kurtosis equal to three.
738	Mezzanine debt	Debt claims that are serviced after all senior debt claims, but before common shares and other forms of equity in the capital structure.
739	Mezzanine-stage financing	Mezzanine venture capital that prepares a company to go public as it continues to expand capacity and enhance its growth trajectory. It represents the bridge financing needed to fund a private firm until it can execute an IPO or be sold.
740	Miner	A validator of transactions on the blockchain that locks blocks of transactions into the blockchain and receives compensation for this process in the form of a digital asset.

741	Minimum efficient scale	The smallest output that a firm can produce such that its long-run average total cost is minimized.
742	Minimum-variance portfolio	The portfolio with the minimum variance for each given level of expected return.
743	Minority shareholder	An individual or entity that owns less than a majority of the voting rights in a corporation.
744	Mode	The most frequently occurring value in a distribution.
745	Modern portfolio theory (MPT)	The analysis of rational portfolio choices based on the efficient use of risk.
746	Modified duration	The first derivative of a bond's price with respect to its yield, this statistic is a measure of interest rate risk used to estimate the percentage price change for a given change in yield-to-maturity.
747	Monetarists	Economists who believe that the rate of growth of the money supply is the primary determinant of the rate of inflation.
748	Monetary policy	Actions taken by a nation's central bank to affect aggregate output and prices through changes in bank reserves, reserve requirements, or its target interest rate.
749	Monetary transmission mechanism	The process whereby a central bank's interest rate gets transmitted through the economy and ultimately affects the rate of increase of prices.
750	Monetary union	An economic union in which the members adopt a common currency.
751	Money convexity	A measure that is used to complement modified duration to capture the second-order effect of yield changes on a bond's price, expressed in currency terms.
752	Money duration	A measure of the price change of a fixed-income instrument in currency units from a change in yield-to-maturity. The money duration can be stated per 100 of par value or in terms of the actual position size. In the United States, money duration is commonly called "dollar duration."
753	Money market securities	Fixed-income securities with original maturities of one year or less.
754	Money market	The market for short-term debt instruments (one-year maturity or less).
755	Moneyness	Expresses the relationship between an option's value and its exercise price across the full range of possible underlying prices.
756	Money-weighted return	The internal rate of return on a portfolio, taking account of all cash flows.
757	Monopolistic competition	Highly competitive form of imperfect competition; the competitive characteristic is a notably large number of firms, while the monopoly aspect is the result of product differentiation.
758	Monopoly	In pure monopoly markets, there are no substitutes for the given product or service. There is a single seller, which exercises considerable power over pricing and output decisions.

759	Monte Carlo simulation	A technique that uses the inverse transformation method for converting a randomly generated uniformly distributed number into a simulated value of a random variable of a desired distribution. Each key decision variable in a Monte Carlo simulation requires an assumed statistical distribution; this assumption facilitates incorporating non-normality, fat tails, and tail dependence as well as solving high-dimensionality problems.
760	Moral principles	Beliefs regarding what is good, acceptable, or obligatory behavior and what is bad, unacceptable, or forbidden behavior.
761	Mortgage loan	Agreement to finance real estate by the collateral of a specified property that obliges the borrower to make a predetermined series of payments to the lender.
762	Mortgage pass-through security	Security created when mortgage lenders pool mortgages together and sell securities to investors. The cash flow from the mortgage pool—monthly payments of principal, interest, and prepayments—are “passed through” to the security holders.
763	Mortgage-backed securities (MBS)	Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.
764	Multi-factor model	A model that explains a variable in terms of the values of a set of factors.
765	Multilateral trading facilities	See <i>alternative trading systems</i> .
766	Multilateralism	The conduct of countries who participate in mutually beneficial trade relationships and extensive rules harmonization. Private firms are fully integrated into global supply chains with multiple trade partners. Examples of multilateral countries include Germany and Singapore.
767	Multi-market indexes	Comprised of indexes from different countries, designed to represent multiple security markets.
768	Multiple of invested capital (MOIC)	Also referred to as the multiple of money or total value to paid-in, this private market performance measure incorporates both the cumulative distributions received and the net asset value of a fund as a proportion of invested capital.
769	Multiple-price auction	A debt securities auction in which bidders receive distinct prices based on their bids.
770	Multiplier models	Valuation models based on share price multiples or enterprise value multiples.
771	Mutual fund	A comingled investment pool in which investors in the fund each have a pro-rata claim on the income and value of the fund.
772	Nash equilibrium	When two or more participants in a non-cooperative game have no incentive to deviate from their respective equilibrium strategies given their opponent's strategies.
773	Nationalism	The promotion of a country's own economic interests to the exclusion or detriment of the interests of other nations. Nationalism is marked by limited economic and financial cooperation. These actors may focus on national production and sales, limited cross-border investment and capital flows, and restricted currency exchange.
774	Natural language processing (NLP)	A field of research within the field of text analytics and at the intersection of computer science, AI, and linguistics that focuses on developing computer programs to analyze and interpret human language.

775	Natural resources	These include commodities (hard and soft), agricultural land (farmland), and timberland.
776	Negative externalities	A cost to a third party because of the production or consumption of a good or service.
777	Negative pledge clause	Limitations on investments, the disposal of assets, or issuance of debt senior to existing obligations. Negative covenants seek to ensure that an issuer maintains the ability to make interest and principal payments.
778	Net cash	An issuer's total debt less cash and marketable securities. When the balance is negative it is referred to as net cash.
779	Net debt	An issuer's total debt less cash and marketable securities. When the balance is positive it is referred to as net debt.
780	Net investment hedge	Refers to a specific hedge accounting designation that applies when either a foreign currency bond or a derivative, such as an FX swap or forward, is used to offset the exchange rate risk of the equity of a foreign operation.
781	Net present value (NPV)	The present value of an investment's cash inflows (benefits) minus the present value of its cash outflows (costs).
782	Net profit margin	An indicator of profitability, calculated as net income divided by revenue; indicates how much of each dollar of revenues is left after all costs and expenses. Also called <i>profit margin</i> or <i>return on sales</i> .
783	Net tax rate	The tax rate net of transfer payments.
784	Net working capital	Working capital excluding short-term items unrelated to business operations, such as cash, marketable securities, and short-term debt.
785	Network effects	A business model that enables users to contribute directly to a product, service, or online content.
786	Neural networks	A type of computer program design based on how the human brain learns and processes information.
787	Neutral rate of interest	The rate of interest that neither spurs on nor slows down the underlying economy.
788	Node	Each value on a binomial tree from which successive moves or outcomes branch.
789	No-load fund	A mutual fund in which there is no fee for investing in the fund or for redeeming fund shares, although there is an annual fee based on a percentage of the fund's net asset value.
790	Non-agency RMBS	MBS backed by residential mortgages that are issued by private entities and not guaranteed by a federal agency or a GSE.
791	Non-amortizing loans	Type of debt where there are no scheduled principal repayments.
792	Non-cooperative country	A country with inconsistent and even arbitrary rules; restricted movement of goods, services, people, and capital across borders; retaliation; and limited technology exchange.

793	Non-cumulative preference shares	Preference shares for which dividends that are not paid in the current or subsequent periods are forfeited permanently (instead of being accrued and paid at a later date).
794	Non-financial risks	Risks that arise from sources other than changes in the external financial markets, such as changes in accounting rules, legal environment, or tax rates.
795	Non-fungible token (NFT)	A unique cryptographic token on the blockchain that cannot be replicated and is used to represent ownership of physical assets, such as artwork, real estate, or other assets.
796	Non-linear derivatives	Derivatives, such as options or other contingent claims, with payoff/profit profiles that are non-linear (asymmetric) with respect to the price of the underlying.
797	Nonparametric test	A test that is not concerned with a parameter or that makes minimal assumptions about the population from which a sample comes.
798	Non-participating preference shares	Preference shares that do not entitle shareholders to share in the profits of the company. Instead, shareholders are only entitled to receive a fixed dividend payment and the par value of the shares in the event of liquidation.
799	Non-probability sampling	A sampling plan dependent on factors other than probability considerations, such as a sampler's judgment or the convenience to access data.
800	Non-recourse loan	Loan in which the lender does not have a claim against the borrower and thus can look only to the property to recover the outstanding mortgage balance.
801	Non-state actors	Those that participate in global political, economic, or financial affairs but do not directly control national security or country resources. Examples of non-state actors are non-governmental organizations (NGOs), multinational companies, charities, and even influential individuals, such as business leaders or cultural icons.
802	Nonsystematic risk	Unique risk that is local or limited to a particular asset or industry that need not affect assets outside of that asset class.
803	Normal distribution	A continuous, symmetric probability distribution that is completely described by its mean and its variance.
804	Normalized earnings	The expected level of mid-cycle earnings for a company in the absence of any unusual or temporary factors that affect profitability (either positively or negatively).
805	Notching	Ratings adjustment methodology where specific issues from the same borrower may be assigned different credit ratings.
806	Notice period	The length of time (typically 30–90 days) in advance that investors may be required to notify a fund of their intent to redeem some or all of their investment. This allows a fund manager to liquidate a position in an orderly fashion without magnifying losses.
807	Novation process	A process that substitutes the initial swap execution facility (SEF) contract with identical trades facing the central counterparty (CCP). The CCP serves as counterparty for both financial intermediaries, eliminating bilateral counterparty credit risk and providing clearing and settlement services.
808	Null hypothesis	The hypothesis that is tested.

809	Offer	The price at which a dealer or trader is willing to sell an asset, typically qualified by a maximum quantity (ask size).
810	Official interest rate	An interest rate that a central bank sets and announces publicly; normally the rate at which it is willing to lend money to the commercial banks. Also called <i>official policy rate</i> or <i>policy rate</i> .
811	Official policy rate	An interest rate that a central bank sets and announces publicly; normally the rate at which it is willing to lend money to the commercial banks.
812	Off-the-run securities	Sovereign debt securities outstanding other than on-the-run securities. Off-the-run securities are less liquid than on-the-run securities.
813	Off-the-run	Seasoned government bonds that are often less liquid.
814	Oligopoly	Market structure with a relatively small number of firms supplying the market.
815	Omnichannel	Refers to a company selling its products or services in multiple channels, such as in store and online.
816	On-the-run securities	The most recently issued and liquid sovereign debt securities.
817	On-the-run	Most recently issued, and liquid, government bonds.
818	Open interest	The number of outstanding contracts.
819	Open market operations	The purchase or sale of bonds by the national central bank to implement monetary policy. The bonds traded are usually sovereign bonds issued by the national government.
820	Open-end fund	A mutual fund that accepts new investment money and issues additional shares at a value equal to the net asset value of the fund at the time of investment.
821	Operating cycle	The length of time between a company's acquisition of goods or raw materials and the collection of cash from sales to customers.
822	Operating efficiency ratios	Ratios that measure how efficiently a company performs day-to-day tasks, such as the collection of receivables and management of inventory.
823	Operating leases	A type of lease which is more akin to the rental of the underlying asset.
824	Operating leverage	The sensitivity of a firm's operating profit to a change in revenues, determined by the composition of fixed and variable operating costs.
825	Operating profit margin	A profitability ratio calculated as operating income (i.e., income before interest and taxes) divided by revenue. Also called <i>operating margin</i> .
826	Operational deposits	Bank deposits generated by clearing, custody, and cash management activities.
827	Operational independence	A bank's ability to execute monetary policy and set interest rates in the way it thought would best meet the inflation target.

828	Operational risk	The risk that arises from inadequate or failed people, systems, and internal policies, procedures, and processes, as well as from external events that are beyond the control of the organization but that affect its operations.
829	Operationally efficient	Said of a market, a financial system, or an economy that has relatively low transaction costs.
830	Opportunistic real estate strategies	Include major redevelopment, repurposing of assets, taking on large vacancies, or speculating on significant improvement in market conditions. These may be appealing for investors seeking higher returns and willing to accept additional risks from development, redevelopment, repositioning, and leasing.
831	Opportunity cost	The value that investors forgo by choosing a particular course of action; the value of something in its best alternative use.
832	Optimal capital structure	The capital structure at which the value of the company is maximized.
833	Option contract	See <i>option</i> .
834	Option premium	An amount that is paid upfront from the option buyer to the option seller. Reflects the value of the option buyer's right to exercise in the future.
835	Option	A primary example of a contingent claim . A derivative contract that provides the buyer the right, but not the obligation, to buy or sell an underlying .
836	Option-adjusted price	The sum of a bond's flat price and value of an embedded option.
837	Option-adjusted spread	Or OAS for a bond is its Z-spread adjusted for the value of an embedded option.
838	Option-adjusted yield	A yield measure for a bond adjusted for embedded options.
839	Order precedence hierarchy	With respect to the execution of orders to trade, a set of rules that determines which orders execute before other orders.
840	Order	A specification of what instrument to trade, how much to trade, and whether to buy or sell.
841	Order-driven markets	A market (generally an auction market) that uses rules to arrange trades based on the orders that traders submit; in their pure form, such markets do not make use of dealers.
842	Ordinary shares	Equity shares that are subordinate to all other types of equity (e.g., preferred equity). Also called <i>common stock</i> or <i>common shares</i> .
843	Organizational form	A legal and tax classification of a business, specific to a jurisdiction, that determines the organization's legal identity, owner–manager relationship, owner liability, taxation, and access to financing.
844	Out-of-the-money	Describes an option with zero intrinsic value because the option buyer would not rationally exercise the option. An example of such would be the case in which the price of the underlying is less than the option's exercise price for a call option.
845	Overcollateralization	Credit enhancement technique where collateral underlying the transaction exceeds the face value of the issued bonds.

846	Overconfidence bias	A bias in which people demonstrate unwarranted faith in their own intuitive reasoning, judgments, and/or cognitive abilities.
847	Overfitting	When a machine learning model learns the input and target dataset too precisely, making the system more likely to discover false relationships or unsubstantiated patterns that will lead to prediction errors.
848	Over-the-counter (OTC)	Refers to derivative markets in which derivative contracts are created and traded between derivatives end users and dealers , or financial intermediaries, such as commercial banks or investment banks.
849	Par rate	A yield-to-maturity that makes the present value of a bond's cash flows equal to par.
850	Par swap rate	The fixed swap rate that equates the present value of all future expected floating cash flows to the present value of fixed cash flows.
851	Par value	The amount of principal on a bond, also known as face value.
852	Parallel shift	When all maturities along a yield curve increase or decrease in yield in the same direction by the same magnitude. A parallel shift in the yield curve is implicitly assumed in analytical duration and convexity.
853	Parameter	A descriptive measure computed from or used to describe a population of data, conventionally represented by Greek letters.
854	Parametric test	Any test (or procedure) concerned with parameters or whose validity depends on assumptions concerning the population generating the sample.
855	Pari passu clause	A covenant or contract clause that ensures a debt obligation is treated the same as the borrower's other senior debt instruments and is not subordinated to similar obligations.
856	Partially amortizing bond	A loan or bond with a payment schedule that calls for partial repayment of principle over the life of the bond, with the remaining principal paid at maturity.
857	Participating preference shares	Preference shares that entitle shareholders to receive the standard preferred dividend plus the opportunity to receive an additional dividend if the company's profits exceed a pre-specified level.
858	Passive investment	In the fixed-income context, it is investment that seeks to mimic the prevailing characteristics of the overall investments available in terms of credit quality, type of borrower, maturity, and duration rather than express a specific market view.
859	Pass-through businesses	Businesses that, by virtue of their organizational form and/or other legal and regulatory attributes, do not pay entity-level taxes on income or loss; income or loss is passed through to owners, who pay personal taxes.
860	Pass-through rate	The coupon rate of a mortgage pass-through security that is received by the investor after administrative charges. It is lower than the weighted average mortgage rate earned on the underlying pool of mortgages because of administrative charges. The pass-through rate that the investor receives is said to be "net interest" or "net coupon."
861	Payable date	The day that the company actually mails out (or electronically transfers) a dividend payment.
862	Payment date	The day that the company actually mails out (or electronically transfers) a dividend payment.

863	Payment-in-kind	A bond feature whereby coupon payments can be fully or partially paid in the form of additional issuance or added to the principal amount.
864	Payments system	The system for the transfer of money.
865	Pearson correlation	A parametric measure of the relationship between two variables.
866	Pecking order theory	The theory that managers consider how their actions might be interpreted by outsiders and thereby order their preferences for various forms of corporate financing. Forms of financing that are least visible to outsiders (e.g., internally generated funds) are most preferable to managers, and those that are most visible (e.g., equity issuance) are least preferable.
867	Penetration pricing	A discount pricing approach used when a firm willingly sacrifices margins in order to build scale and market share.
868	Percentiles	Values that divide a distribution into 100 equal parts.
869	Perfect competition	A market structure in which the individual firm has virtually no impact on market price, because it is assumed to be a very small seller among a very large number of firms selling essentially identical products.
870	Performance evaluation	The measurement and assessment of the outcomes of investment management decisions.
871	Performance fee	Fee paid to the general partner from the limited partner(s) based on realized net profits.
872	Period costs	Costs (e.g., executives' salaries) that cannot be directly matched with the timing of revenues and which are thus expensed immediately.
873	Periodicity	Number of periods in a year, used for compound interest. The periodicity of a fixed-income instrument usually matches the frequency of its coupon payments.
874	Permanent differences	Differences between tax and financial reporting of revenue (expenses) that will not be reversed at some future date. These result in a difference between the company's effective tax rate and statutory tax rate and do not result in a deferred tax item.
875	Permissioned networks	Networks that are fully open only to select participants on a DLT network.
876	Permissionless networks	Networks that are fully open to any user on a DLT network.
877	Perpetual bonds	Bonds with no stated maturity date.
878	Perpetuity	A perpetual annuity, or a set of never-ending level sequential cash flows, with the first cash flow occurring one period from now.
879	PESTLE analysis	A framework for analyzing factors that influence an industry's economic outcomes.
880	Pet projects	A capital investment that is pursued by management but is not economically justifiable by a disinterested party. Motivations for pet projects include self-dealing and vanity.

881	Physical risks	Economic and financial losses from the increase in the severity and frequency of extreme weather due to climate change—for example, the loss of coastal real estate from a storm.
882	PIPE (private investment in public equity)	A private offering to select investors with fewer disclosures and lower transaction costs that allows the issuer to raise capital more quickly and cost effectively.
883	Platykurtic	Describes a distribution that has relatively less weight in the tails than the normal distribution (also called thin-tailed).
884	Pledge	A legal right or claim to property by a creditor. Also called a lien.
885	Poison pill	Officially known as a shareholder rights plan, a poison pill is a hostile-takeover defense adopted by boards of directors according to rules specified in the corporate charter. There are several types of poison pills. Generally, they allow shareholders, <i>excluding</i> the shareholder making the hostile bid and their affiliates, to buy newly issued shares at a discounted price. The share issuance would dilute the bidder's ownership percentage, rendering it impossible for the bidder to attain control.
886	Policy rate	An interest rate that a central bank sets and announces publicly; normally the rate at which it is willing to lend money to the commercial banks.
887	Portfolio companies	The individual companies owned by a private equity firm.
888	Portfolio investment flows	Short-term investments in foreign assets, such as stocks or bonds.
889	Portfolio planning	The process of creating a plan for building a portfolio that is expected to satisfy a client's investment objectives.
890	Position	The quantity of an asset that an entity owns or owes.
891	Posterior probability	An updated probability that reflects or comes after new information.
892	Power of a test	The probability of correctly rejecting the null—that is, rejecting the null hypothesis when it is false.
893	Preference shares	A type of equity interest which ranks above common shares with respect to the payment of dividends and the distribution of the company's net assets upon liquidation. They have characteristics of both debt and equity securities. Also called <i>preferred stock</i> .
894	Preferred stock	See <i>preference shares</i> .
895	Pre-funding period	Allows the trust to acquire during a certain period of time after the close of the transaction.
896	Premium	In the case of bonds, premium refers to the amount by which a bond is priced above its face (par) value. In the case of an option, the amount paid for the option contract.
897	Prepayment option	May entitle the borrower to prepay all or part of the outstanding mortgage principal prior to maturity. This creates a risk from the lender's or investor's viewpoint because the cash flow amounts and timing cannot be known with certainty.

898	Prepayment risk	The risk that some or all of a mortgage-backed security's principal is repaid at a different speed than expected, either in the form of contraction risk (or earlier repayment than expected) or extension risk (later repayment).
899	Present value models	Valuation models that estimate the intrinsic value of a security as the present value of the future benefits expected to be received from the security. Also called <i>discounted cash flow models</i> .
900	Pretax margin	A profitability ratio calculated as earnings before taxes divided by revenue.
901	Price discrimination	A pricing approach that charges different prices to different customers based on their willingness to pay.
902	Price index	Represents the average prices of a basket of goods and services.
903	Price limits	Establish a band relative to the previous day's settlement price within which all trades must occur.
904	Price multiple	A ratio that compares the share price with some sort of monetary flow or value to allow evaluation of the relative worth of a company's stock.
905	Price priority	The principle that the highest priced buy orders and the lowest priced sell orders execute first.
906	Price return index	An index that reflects <i>only</i> the price appreciation or percentage change in price of the constituent securities. Also called <i>price index</i> .
907	Price return	Measures <i>only</i> the price appreciation or percentage change in price of the securities in an index or portfolio.
908	Price stability	In economics, refers to an inflation rate that is low on average and not subject to wide fluctuation.
909	Price takers	Producers that must accept whatever price the market dictates.
910	Price value of a basis point (PVBP)	An estimate of the change in the full price of a bond given a 1 bp change in its yield-to-maturity. The PVBP is also called the "PV01," standing for the "price value of an 01" or "present value of an 01," where "01" means 1 bp. In the United States, it is commonly called the "DV01" for the "dollar value" of 1 bp.
911	Price weighting	An index weighting method in which the weight assigned to each constituent security is determined by dividing its price by the sum of all the prices of the constituent securities.
912	Price-setting option	The option to adjust prices when demand or supply varies from what is forecast.
913	Price-to-earnings ratio (P/E)	The ratio of share price to earnings per share.
914	Pricing power	A company's ability to set prices and other economic terms with customers without affecting its sales volumes.
915	Primary bond markets	Fixed-income markets comprised of issuers issuing bonds to investors to raise capital, often intermediated by a third-party such as an investment bank.
916	Primary capital markets (primary markets)	The market where securities are first sold and the issuers receive the proceeds.

917	Primary dealer	Financial institution that is authorized to deal in new issues of sovereign bonds and that serves primarily as a trading counterparty of the office responsible for issuing sovereign bonds.
918	Primary market	The market where securities are first sold and the issuers receive the proceeds.
919	Prime broker	A broker that provides services that commonly include custody, administration, lending, short borrowing, and trading.
920	Prime loans	Lending made to borrowers of high credit quality with strong employment and credit histories, a low DTI, substantial equity in the underlying property, and a first lien on the mortgaged property serving as the collateral for the loan.
921	Principal	The amount that an issuer agrees to repay the debtholders on the maturity date.
922	Principal-agent relationship	An arrangement in which one party (the agent) has authority to act for or on behalf of another party (the principal). Such an arrangement imposes a duty on the agent to act in the principal's best interest.
923	Prior probabilities	Probabilities reflecting beliefs prior to the arrival of new information.
924	Priority of claims	Priority of payment, with the most senior or highest ranking debt having the first claim on the cash flows and assets of the issuer.
925	Private capital	Funding provided to companies that is not sourced from the public markets.
926	Private company	A company, typically a limited company, that does not list its equity securities on an exchange.
927	Private debt	Capital extended to companies through a loan or other form of debt.
928	Private debtholders	Investors in an entity's non-securitized debt claims, such as a loan or lease. The most common type of private debtholder is a bank.
929	Private equity fund	A hedge fund that seeks to buy, optimize, and ultimately sell portfolio companies to generate profits. See <i>venture capital fund</i> .
930	Private equity securities	Securities that are not listed on public exchanges and have no active secondary market. They are issued primarily to institutional investors via non-public offerings, such as private placements.
931	Private equity	Equity investment capital raised from sources other than public markets and traditional institutions.
932	Private investment in public equity (PIPE)	An investment in the equity of a publicly traded firm that is made at a discount to the market value of the firm's shares.
933	Private limited company	A type of limited company in many jurisdictions with pass-through taxation but restrictions on the number of shareholders or members and on the transfer of ownership interest.
934	Private placement	A sale of debt or equity securities to a small group of investors on an unregulated basis. The terms of the offering are negotiated by the issuer and investors.

935	Probability of default (POD)	The likelihood that a borrower fails to make full and timely payments of principal and interest according to debt terms, usually expressed in annual percentage terms.
936	Probability sampling	A sampling plan that allows every member of the population to have an equal chance of being selected.
937	Probability tree diagram	A diagram with branches emanating from nodes representing either mutually exclusive chance events or mutually exclusive decisions.
938	Production flexibility option	The option to alter production when demand varies from what is forecast.
939	Profession	An occupational group that has specific education, expert knowledge, and a framework of practice and behavior that underpins community trust, respect, and recognition.
940	Profit margin	An indicator of profitability, calculated as net income divided by revenue; indicates how much of each dollar of revenues is left after all costs and expenses.
941	Profitability ratios	Ratios that measure a company's ability to generate profitable sales from its resources (assets).
942	Prospectus	Legal document in securitization that describes the structure of the transaction, including the priority and amount of payments to be made to the servicer, administrators, and the ABS holders, as well as the credit enhancements used in the securitization.
943	Protective put	A strategy of purchasing an underlying asset and purchasing a put on the same asset.
944	Proxy contest	When a shareholder or group of shareholders campaigns for certain matters they have submitted to a shareholder vote, often a slate of directors who oppose the incumbent board and management. The incumbent board and management simultaneously campaign for their side.
945	Proxy voting	A form of casting a ballot in an election in which a voter authorizes a representative to vote on their behalf according to instructions. In corporate elections, proxy ballots are cast by shareholders that direct a representative, typically the corporate secretary, to enter their votes as instructed.
946	Public (listed) company	A company with its equity securities traded on an exchange.
947	Public limited companies	A type of limited company in many jurisdictions with entity-level taxation but no restrictions on the number of shareholders or transferability of ownership interest; the most suitable organizational form for a company that seeks to go public.
948	Public–private partnership (PPP)	An agreement between the public sector and the private sector to finance, build, and operate public infrastructure, such as hospitals and toll roads.
949	Public–private partnership	A long-term contractual relationship between the public and private sectors for the purpose of having the private sector deliver a project or service traditionally provided by the public sector. Infrastructure is increasingly being financed privately through public–private partnerships by local, regional, and national governments.
950	Pull on liquidity	An action or event that accelerates cash outflows.

951	Purchase agreement	Legal document in a securitization transaction that outlines the representations and warranties that the seller makes about the assets sold.
952	Pure discount bonds	Bonds that do not pay interest during their life. They are issued at a discount to par value and redeemed at par. Also called zero-coupon bonds.
953	Put option	The right to sell an underlying.
954	Put	An option that gives the holder the right to sell an underlying asset to another party at a fixed price over a specific period of time.
955	Put-call forward parity	Describes the no-arbitrage condition in which at $t = 0$ the present value of the price of a long forward commitment plus the price of the long put must equal the price of the long call plus the price of the risk-free asset (with face value of the exercise price of both the call and the put).
956	Put-call parity	Describes the no-arbitrage condition in which at $t = 0$ the price of the long underlying asset plus the price of the long put must equal the price of the long call plus the price of the risk-free asset (with face value of the exercise price of both the call and the put).
957	Putable bonds	Bonds that give the bondholder the right to sell the bond back to the issuer at a predetermined price on specified dates.
958	P-value	The smallest level of significance at which the null hypothesis can be rejected.
959	Quantile	A value at or below which a stated fraction of the data lies. Also referred to as a fractile.
960	Quantitative easing	An expansionary monetary policy based on aggressive open market purchase operations.
961	Quartiles	Quantiles that divide a distribution into four equal parts.
962	Quick ratio	A measure of liquidity that is the ratio of cash, marketable securities, and receivables to current liabilities.
963	Quintiles	Quantiles that divide a distribution into five equal parts.
964	Quota rents	Profits that foreign producers can earn by raising the price of their goods higher than they would without a quota.
965	Quotas	Government policies that restrict the quantity of a good that can be imported into a country, generally for a specified period of time.
966	Quoted margin	Specified spread of a floating rate instrument over a market reference rate or benchmark.
967	Quote-driven market	A market in which dealers acting as principals facilitate trading.
968	Range	The difference between the maximum and minimum values in a dataset.

969	Rapid amortization provisions	Provisions in receivable ABS that may require early principal amortization if specific events occur. Such provisions are referred to as early amortization and are included to safeguard the credit quality of the issue, particularly during the revolving period.
970	Razor, razorblade pricing	A pricing approach that combines a low price on a piece of equipment and high-margin pricing on repeat-purchase consumables.
971	Real assets	Generally, these are tangible physical assets, such as real estate, infrastructure, and natural resources, but they also include such intangibles as patents, intellectual property, and goodwill. Real assets generate current or expected future cash flows and/or are considered a store of value.
972	Real estate	Includes borrowed or ownership capital in buildings or land. Developed land includes commercial and industrial real estate, residential real estate, and infrastructure.
973	Real option	A right, but not an obligation, for management to make a decision with respect to a capital investment that alters future cash flows from the original forecasted scenario.
974	Real risk-free interest rate	The single-period interest rate for a completely risk-free security if no inflation were expected.
975	Rebalancing policy	The set of rules that guide the process of restoring a portfolio's asset class weights to those specified in the strategic asset allocation.
976	Rebalancing	In the context of asset allocation, a discipline for adjusting the portfolio to align with the strategic asset allocation.
977	Recapitalization	Recapitalization via private equity describes the steps a firm takes to increase or introduce leverage to its portfolio company and pay itself a dividend out of the new capital structure.
978	Recognition lag	The lag in government response to an economic problem resulting from the delay in confirming a change in the state of the economy.
979	Recourse loan	Loan in which the lender has a claim against the borrower for the shortfall (deficiency) between the amount of the outstanding mortgage balance and the proceeds received from the sale of the property.
980	Recovery rate (RR)	The percentage of an outstanding debt claim recovered when an issuer defaults
981	Redemption fee	A fee charged to discourage redemptions and to offset the transaction costs for remaining investors in the fund.
982	Refinancing rate	A type of central bank policy rate.
983	Regionalism	In between the two extremes of bilateralism and multilateralism. In regionalism, a group of countries cooperate with one another. Both bilateralism and regionalism can be conducted at the exclusion of other groups. For example, regional blocs may agree to provide trade benefits to one another and increase barriers for those outside of that group.
984	Registered bonds	Bonds for which ownership is recorded by either name or serial number.
985	Regression analysis	Allows us to test hypotheses about the relationship between two variables, by quantifying the strength of the relationship between the two variables, and to use one variable to make predictions about the other variable.

986	Regression coefficients	The collective term for the intercept and slope coefficients in the regression model.
987	Regret	The feeling that an opportunity has been missed; typically, an expression of <i>hindsight bias</i> .
988	Regret-aversion bias	An emotional bias in which people tend to avoid making decisions that will result in action out of fear that the decision will turn out poorly.
989	Relative dispersion	The amount of dispersion relative to a reference value or benchmark.
990	Reopening	Issuing bonds by increasing the size of an existing bond issue with a price significantly different from par.
991	Replication	A strategy in which a derivative's cash flow stream may be recreated using a combination of long or short positions in an underlying asset and borrowing or lending cash.
992	Repo rate	The interest rate on a repurchase agreement.
993	Representativeness bias	A belief perseverance bias in which people tend to classify new information based on past experiences and classifications.
994	Repurchase agreement (Repo)	A form of collateralized loan involving the sale of a security with a simultaneous agreement by the seller to buy back the same security from the purchaser at an agreed-on price and future date. The party who sells the security at the inception of the repurchase agreement and buys it back at maturity is borrowing money from the other party, and the security sold and subsequently repurchased represents the collateral.
995	Repurchase date	The date when the party who sold the security at the inception of a repurchase agreement buys back the security from the cash lending counterparty.
996	Repurchase price	The price at which the party who sold the security at the inception of the repurchase agreement buys back the security from the cash lending counterparty.
997	Required margin	Also known as discount margin. The market-determined yield spread over or under the market reference rate such that a floating-rate loan is priced at par on a rate reset date following issuance.
998	Required rate of return	The rate of return required by investors given the risk of the bond investment, also known as the market discount rate or required yield.
999	Required yield spread	The difference in yield-to-maturity between a bond and that of a government benchmark bond with the same or similar time-to-maturity.
1000	Required yield	The rate of return required by investors given the risk of the bond investment, also known as the market discount rate or required rate of return.
1001	Resampling	A statistical method that repeatedly draws samples from the original observed data sample for the statistical inference of population parameters.
1002	Reserve currency	A currency held by global central banks in significant quantities and widely used to conduct international trade and financial transactions.

1003	Reserve requirement	The requirement for banks to hold reserves in proportion to the size of deposits.
1004	Residual	The amount of deviation of an observed value of the dependent variable from its estimated value based on the fitted regression line.
1005	Restricted domestic currency	A currency with limited convertibility into other currencies due to illiquidity.
1006	Return on assets (ROA)	A profitability ratio calculated as net income divided by average total assets; indicates a company's net profit generated per dollar invested in total assets.
1007	Return on equity (ROE)	A profitability ratio calculated as net income divided by average shareholders' equity.
1008	Return on invested capital (ROIC)	A measure of the profitability of a company relative to the amount of capital invested by the equityholders and debtholders.
1009	Return on sales	An indicator of profitability, calculated as net income divided by revenue; indicates how much of each dollar of revenues is left after all costs and expenses. Also referred to as <i>net profit margin</i> .
1010	Return-generating model	A model that can provide an estimate of the expected return of a security given certain parameters and estimates of the values of the independent variables in the model.
1011	Revenue bonds	Bonds issued by non-sovereign governments related to a government sponsored project expected to generate future cash flow as a primary source of repayment.
1012	Reverse repurchase agreement	A repurchase agreement viewed from the perspective of the cash lending counterparty.
1013	Reverse stock split	A reduction in the number of shares outstanding with a corresponding increase in share price, but no change to the company's underlying fundamentals.
1014	Revolving credit agreements	The most reliable form of short-term bank borrowing facilities; they are in effect for multiple years (e.g., three to five years) and can have optional medium-term loan features. Also known as <i>revolvers</i> .
1015	Rho	The change in a given derivative instrument for a given small change in the risk-free interest rate, holding everything else constant. Rho measures the sensitivity of the option to the risk-free interest rate.
1016	Ricardian equivalence	An economic theory that implies that it makes no difference whether a government finances a deficit by increasing taxes or issuing debt.
1017	Risk averse	The assumption that an investor will choose the least risky alternative.
1018	Risk aversion	The dislike for risk such that compensation is required in terms of higher expected returns for assuming higher risk.
1019	Risk budgeting	The establishment of objectives for individuals, groups, or divisions of an organization that takes into account the allocation of an acceptable level of risk.
1020	Risk exposure	The state of being exposed or vulnerable to a risk. The extent to which an organization is sensitive to underlying risks.

1021	Risk governance	The top-down process and guidance that directs risk management activities to align with and support the overall enterprise.
1022	Risk management framework	The infrastructure, process, and analytics needed to support effective risk management in an organization.
1023	Risk management	The process of identifying the level of risk an organization wants, measuring the level of risk the organization currently has, taking actions that bring the actual level of risk to the desired level of risk, and monitoring the new actual level of risk so that it continues to be aligned with the desired level of risk.
1024	Risk premium	An extra return expected by investors for bearing some specified risk.
1025	Risk shifting	Actions to change the distribution of risk outcomes.
1026	Risk tolerance	The level of risk an investor is willing and able to bear.
1027	Risk transfer	Strategies implemented to mitigate the impact of specific risks by transferring them to an insurance company.
1028	Risk	Exposure to uncertainty. The chance of a loss or adverse outcome as a result of an action, inaction, or external event.
1029	Risk-neutral pricing	A no-arbitrage derivative value established separately from investor views on risk that uses underlying asset volatility and the risk-free rate to calculate the present value of future cash flows.
1030	Risk-neutral probability	The computed probability used in binomial option pricing by which the discounted weighted sum of expected values of the underlying equal the current option price. Specifically, this probability is computed using the risk-free rate and assumed up gross return and down gross return of the underlying.
1031	Rollover risk	The likelihood that a property owner will lose an existing tenant and forgo income until a new one is found.
1032	Safety-first rules	Rules for portfolio selection that focus on the risk that portfolio value or portfolio return will fall below some minimum acceptable level over some time horizon.
1033	Sample correlation coefficient	A standardized measure of how two variables in a sample move together. It is the ratio of the sample covariance to the product of the two variables' standard deviations.
1034	Sample covariance	A measure of how two variables in a sample move together.
1035	Sample excess kurtosis	A sample measure of the degree of a distribution's kurtosis in excess of the normal distribution's kurtosis.
1036	Sample mean	The sum of the sample observations divided by the sample size.
1037	Sample skewness	A sample measure of the degree of asymmetry of a distribution.
1038	Sample standard deviation	The positive square root of the sample variance.
1039	Sample variance	The sum of squared deviations around the mean divided by the degrees of freedom.

1040	Sample-size neglect	A type of representativeness bias in which financial market participants incorrectly assume that small sample sizes are representative of populations (or “real” data).
1041	Sampling distribution	The distribution of all distinct possible values that a statistic can assume when computed from samples of the same size randomly drawn from the same population.
1042	Sampling error	The difference between the observed value of a statistic and the estimate resulting from using subsets of the population.
1043	Sampling plan	The set of rules used to select a sample.
1044	Saving deposits	Bank deposits typically held for non-transactional purposes that often have a stated term.
1045	Scatter plot	A two-dimensional graphical plot of paired observations of values for the independent and dependent variables in a simple linear regression.
1046	Scenario analysis	A variation of the valuation process combining a base case with alternative outcomes, allowing the incorporation of more favorable or adverse scenarios in the valuation process.
1047	Scraping	An automated, large-scale, algorithm-driven approach that retrieves otherwise unstructured data available on websites and creates data in a more structured format.
1048	Seasoned offering	An offering in which an issuer sells additional units of a previously issued security.
1049	Secondary bond markets	Fixed-income markets comprised of investors trading existing bonds amongst themselves.
1050	Secondary market	The market where securities are traded among investors.
1051	Secondary precedence rules	Rules that determine how to rank orders placed at the same time.
1052	Secondary sale	Sale of a private company stake to another private equity firm or group of financial buyers.
1053	Secondary-stage investments	The second stage of development of an infrastructure asset. Secondary-stage investments involve existing infrastructure facilities or fully operational assets that do not require further investment or development over the investment horizon. These assets generate immediate cash flow and returns expected over the investment period.
1054	Sector indexes	Indexes that represent and track different economic sectors—such as consumer goods, energy, finance, health care, and technology—on either a national, regional, or global basis.
1055	Secured loans	Loans collateralized by an asset of the borrower.
1056	Secured	With collateral; secured debt is backed by the cash flows of the issuer and the collateral as a secondary source of repayment.
1057	Security characteristic line	A plot of the excess return of a security on the excess return of the market.
1058	Security market index	A portfolio of securities representing a given security market, market segment, or asset class.

1059	Security market line	The graphical representation of the CAPM formula, showing the relationship between expected return and beta.
1060	Security selection	The process of selecting individual securities; typically, security selection has the objective of generating superior risk-adjusted returns relative to a portfolio's benchmark.
1061	Security tokens	Digitizes the ownership rights associated with publicly traded securities.
1062	Security	Evidence of equity or debt interest or in an entity or a related right, such as a derivative. Often standardized to conform to security exchange requirements.
1063	Segmenting	A process of identifying and grouping customers by decision-useful attributes.
1064	Self-attribution bias	A bias in which people take too much credit for successes (<i>self-enhancing</i>) and assign responsibility to others for failures (<i>self-protecting</i>).
1065	Self-control bias	A bias in which people fail to act in pursuit of their long-term, overarching goals because of a lack of self-discipline.
1066	Self-investment limits	With respect to investment limitations applying to pension plans, restrictions on the percentage of assets that can be invested in securities issued by the pension plan sponsor.
1067	Sell-side firm	A broker/dealer that sells securities and provides independent investment research and recommendations to their clients (i.e., buy-side firms).
1068	Semiannual bond basis yield	Also known as a semiannual bond equivalent yield, it is an annualized interest rate with a periodicity of two.
1069	Semiannual bond equivalent yield	Also known as a semiannual bond basis yield, it is an annualized interest rate with a periodicity of two.
1070	Semi-strong-form efficient market	A market in which security prices reflect all publicly known and available information.
1071	Senior debt	A debt obligation with higher priority of payment than junior debt obligations.
1072	Senior unsecured debt	The highest-ranked debt in an issuer's capital structure which is a general obligation of the borrower.
1073	Seniority	Priority of payment of various debt obligations.
1074	Sensitivity analysis	A form of analysis used to determine the impact of a change in one or more key variables affecting investment returns or valuation.
1075	Separately managed account (SMA)	An investment portfolio managed exclusively for the benefit of an individual or institution.
1076	Service period	The time between the grant and vesting dates for an employee share-based award, usually measured in years.
1077	Settlement price	The price determined by an exchange's clearinghouse in the daily settlement of the mark-to-market process. The price reflects an average of the final futures trades of the day.

1078	Settlement	The closing date at which the counterparties of a derivative contract exchange payment for the underlying as required by the contract.
1079	Share class	Types of equity securities that have different voting rights—for example, an issuer may issue Class A shares that carry one vote per share and Class B shares that carry ten votes per share.
1080	Share repurchase	A transaction in which a company buys back its own shares. Unlike stock dividends and stock splits, share repurchases use corporate cash.
1081	Shareholder activism	A range of actions by a corporation's shareholders that are intended to result in some change in the corporation, typically a change in the board of directors, management, or business strategy.
1082	Shareholder derivative lawsuit	A legal action by a shareholder on behalf of a company, not the shareholder personally, against a third party. Often, the third party is a director or manager who the shareholder believes has harmed the company.
1083	Shareholder engagement	Shareholder engagement reflects active ownership by investors in which the investor seeks to influence a corporation's decisions on ESG matters, either through dialogue with corporate officers or votes at a shareholder assembly (in the case of equity).
1084	Shareholder theory of corporate governance	Espoused by Milton Friedman in his famous 1970 essay, the shareholder theory holds that the objective of a business is to increase profits and shareholder value.
1085	Shareholders	Hold a direct equity position in a firm, and both individual persons and financial institutions can be shareholders. The term comes from the individual or investment firm literally having a share of the company. It is most commonly used when talking about the rights and responsibilities that come with being an “owner” of a company, such as stewardship, voting, and engagement. This differentiates it from a situation where an individual or an investment firm lends money or invests in a bond (in other words, they are not an equityholder of a company). Because bond investors do not have a share and are not owners of a company, they cannot vote. Nonetheless, expectations around engagement are increasing for those who invest in loans and bonds as well, making the difference between the two terms more subtle.
1086	Shares	Units of ownership interest in a limited company.
1087	Sharpe ratio	The ratio of mean excess return to standard deviation (excess return).
1088	Shelf registration	A type of public offering that allows the issuer to file a single, all-encompassing offering circular that covers a series of bond issues.
1089	Short biased	These strategies use quantitative, technical, and fundamental analysis to short overvalued equity securities with limited or no long-side exposures.
1090	Short position	A position in an asset or contract in which one has sold an asset one does not own, or in which a right under a contract can be exercised against oneself.
1091	Short selling	A transaction in which borrowed securities are sold with the intention to repurchase them at a lower price at a later date and return them to the lender.
1092	Short	A trading position in a derivative contract that gains value as the price of the underlying moves lower.

1093	Shortfall risk	The risk that portfolio value or portfolio return will fall below some minimum acceptable level over some time horizon.
1094	Short-run average total cost	The curve describing average total cost when some costs are considered fixed.
1095	Shutdown point	The point at which average revenue is equal to the firm's average variable cost.
1096	Side letter	A side agreement created between the GP and specific LPs. These agreements exist <i>outside</i> the LPA. These agreements provide additional terms and conditions related to the investment agreement.
1097	Signpost	An indicator, market level, data piece, or event that signals a risk is becoming more or less likely. An analyst can think of signposts like a traffic light.
1098	Simple linear regression (SLR)	An approach for estimating the linear relationship between a dependent variable and a single independent variable by minimizing the sum of the squared deviations between the fitted line and the observed values.
1099	Simple random sample	A subset of a larger population created in such a way that each element of the population has an equal probability of being selected to the subset.
1100	Simple random sampling	The procedure of drawing a sample to satisfy the definition of a simple random sample.
1101	Simple yield	The sum of the coupon payments plus the straight-line amortized share of the gain or loss divided by the bond's flat price. Simple yields are used mostly to quote JGBs.
1102	Simulation trial	A complete pass through the steps of a simulation.
1103	Simulation	A technique for exploring how a target variable (e.g. portfolio returns) would perform in a hypothetical environment specified by the user, rather than a historical setting.
1104	Single-price auction	A debt securities auction in which all bidders pay the same price.
1105	Sinking fund	Provisions that reduce the credit risk of a bond issue by requiring the issuer to retire a portion of the bond's principal outstanding each year.
1106	Situational influences	External factors, such as environmental or cultural elements, that shape our behavior.
1107	Skewed	Not symmetrical.
1108	Skewness	A quantitative measure of skew (lack of symmetry); a synonym of skew. It is computed as the average cubed deviation from the mean standardized by dividing by the standard deviation cubed.
1109	Slope coefficient	The change in the estimated value of the dependent variable for a one-unit change in the value of the independent variable.
1110	Small country	A country that is a price taker in the world market for a product and cannot influence the world market price.
1111	Smart beta	Involves the use of transparent, rules-based strategies as a basis for investment decisions.

1112	Smart contracts	Computer programs that are designed to self-execute on the basis of pre-specified terms and conditions agreed to by parties to a contract.
1113	Social infrastructure investments	A category of infrastructure investments that are directed toward human activities and include such assets as educational, health care, social housing, and correctional facilities, with the focus on providing, operating, and maintaining the asset infrastructure.
1114	Soft commodities	Standardized agricultural products, such as cattle and corn, with markets often involving the physical delivery of the underlying upon settlement.
1115	Soft hurdle rate	The minimum rate of return in a performance-based fee arrangement in which the entire return is subject to the fee once the hurdle is exceeded.
1116	Soft power	A means of influencing another country's decisions without force or coercion. Soft power can be built over time through actions, such as cultural programs, advertisement, travel grants, and university exchange.
1117	Soft-bullet covered bonds	Delay the bond default and payment acceleration of bond cash flows until a new final maturity date, which is usually up to a year after the original maturity date.
1118	Solvency ratios	Ratios that measure a company's ability to meet its long-term obligations.
1119	Solvency risk	The risk that an organization does not survive or succeed because it runs out of cash, even though it might otherwise be solvent.
1120	Solvency	Refers to the condition in which firm value exceeds the face value of debt used to finance the firm's assets.
1121	Sophisticated investors	Individuals or entities that are permitted in a jurisdiction to trade unregistered or, generally, less regulated securities, including shares of privately held companies; also called <i>accredited investors</i> .
1122	Sovereign immunity	A principle that limits legal recourse of lenders from forcing a sovereign borrower to declare bankruptcy or liquidate its assets to settle debt claims.
1123	Spearman rank correlation coefficient	A measure of correlation applied to ranked data.
1124	Special dividend	A dividend paid by a company that does not pay dividends on a regular schedule, or a dividend that supplements regular cash dividends with an extra payment.
1125	Special purpose acquisition company	A "blank check" company that exists solely for the purpose of acquiring an unspecified private company within a predetermined period or return capital to investors.
1126	Special purpose entity (SPE)	Also referred to as a special purpose vehicle (SPV), this legal entity is created for a specific economic purpose. In the case of a project SPV, the entity's sole purpose is to facilitate the construction, operation, and financing of an infrastructure asset over its contractual life.
1127	Special purpose vehicle	See <i>special purpose entity</i> .
1128	Special situations	An area of private capital investment that targets return by investing in stressed, distressed, or event-driven opportunities.

1129	Split ratings	Complex risks viewed very differently by rating agencies
1130	Sponsored	A type of depository receipt in which the foreign company whose shares are held by the depository has a direct involvement in the issuance of the receipts.
1131	Spot curve	Yields-to-maturity on a series of default-risk-free zero-coupon bonds.
1132	Spot markets	Markets in which specific assets are exchanged at current prices. Spot markets are often referred to as cash markets .
1133	Spot prices	The current prices prevailing in spot markets .
1134	Spot rates	Yields-to-maturity on default-risk-free zero-coupon bonds.
1135	Spread risk	Bond price risk arising from changes in the yield spread on credit-risky bonds; reflects changes in the market's assessment and/or pricing of credit migration (or downgrade) risk and market liquidity risk.
1136	Spread	The difference in yield-to-maturity between a bond and that of another bond.
1137	Spurious correlation	Refers to: 1) correlation between two variables that reflects chance relationships in a particular dataset; 2) correlation induced by a calculation that mixes each of two variables with a third variable; and 3) correlation between two variables arising not from a direct relation between them but from their relation to a third variable.
1138	Stablecoin	A cryptocurrency that aims to maintain a stable value relative to a specified asset or to a pool or basket of assets.
1139	Stackelberg model	A prominent model of strategic decision making in which firms are assumed to make their decisions sequentially.
1140	Staggered board	A structure of board elections in which only part of the board is elected simultaneously—for example, only one-third of the board may be up for election each year, so the board can be replaced over three years, not in one year if all seats were elected annually. This structure fosters greater continuity of board members but is an obstacle for shareholders seeking to effect change.
1141	Stakeholder theory of corporate governance	An expansion of the shareholder theory of corporate governance under which the objective of a business is to maximize value for, and balance the interests of, a broad group of stakeholders, including shareholders, employees, society, and the non-human environment.
1142	Stakeholders	Any party with an interest, financial or non-financial, in an entity or its actions.
1143	Standard deviation	The positive square root of the variance; a measure of dispersion in the same units as the original data.
1144	Standard error of the estimate	A measure of the distance between the observed values of the dependent variable and those predicted from the estimated regression. The smaller this value, the better the fit of the model. Also known as the standard error of the regression and the root mean square error.

1145	Standard error of the forecast	Used to provide an interval estimate around the estimated regression line. It is necessary because the regression line does not describe the relationship between the dependent and independent variables perfectly.
1146	Standard error of the slope coefficient	Calculated for simple linear regression by dividing the standard error of the estimate by the square root of the variation of the independent variable.
1147	Standardization	The process of creating protocols for the production, sale, transport, or use of a product or service. Standardization occurs when relevant parties agree to follow these protocols together. It helps support expanded economic and financial activities, such as trade and capital flows that support higher economic growth and standards of living, across borders.
1148	Standards of conduct	Behaviors required by a group; established benchmarks that clarify or enhance a group's code of ethics.
1149	Standing limit orders	A limit order at a price below market and which therefore is waiting to trade.
1150	State actors	Typically national governments, political organizations, or country leaders that exert authority over a country's national security and resources. The South African President, Sultan of Brunei, Malaysia's Parliament, and the British Prime Minister are all examples of state actors.
1151	Statement of cash flows	A financial statement that details the movement of cash over a period. The statement is classified into operating, investing, and financing activities.
1152	Static trade-off theory of capital structure	A theory pertaining to a company's optimal capital structure; the optimal level of debt is found at the point where additional debt would cause the costs of financial distress to increase by a greater amount than the benefit of the additional tax shield.
1153	Statistically significant	A result indicating that the null hypothesis can be rejected; with reference to an estimated regression coefficient, frequently understood to mean a result indicating that the corresponding population regression coefficient is different from zero.
1154	Status quo bias	An emotional bias in which people do nothing (i.e., maintain the status quo) instead of making a change.
1155	Statutory voting	A common method of voting where each share represents one vote.
1156	Step-up bonds	Bonds for which the coupon, be it fixed or floating, increases by specified margins at specified dates.
1157	Stock dividend	A type of dividend in which a company distributes additional shares of its common stock to shareholders instead of cash.
1158	Stock exchange	An exchange in which equity securities are traded. See <i>exchanges</i> .
1159	Stock split	An increase in the number of shares outstanding with a consequent decrease in share price, but no change to the company's underlying fundamentals.
1160	Stockholder overhang	The downward pressure on the share price of stock as large blocks of shares are being sold on the open market.
1161	Stop order	An order in which a trader has specified a stop price condition. Also called <i>stop-loss order</i> .

1162	Stop-loss order	See <i>stop order</i> .
1163	Stranded assets	A resource that is no longer economically valuable owing to changes in demand, regulations, or availability of substitutes—for example, a newly discovered oil well that will not be brought into production.
1164	Strategic asset allocation	A long-term strategy that establishes target allocations for various asset classes and aims to optimize the balance between risk and reward by diversifying investments.
1165	Stratified random sampling	A procedure that first divides a population into subpopulations (strata) based on classification criteria and then randomly draws samples from each stratum in sizes proportional to that of each stratum in the population.
1166	Street convention	For yield measures on fixed-income instruments that assume payments are made on scheduled dates and ignore weekends and holidays.
1167	Stress testing	A specific type of scenario analysis that estimates losses in rare and extremely unfavorable combinations of events or scenarios.
1168	Strong-form efficient market	A market in which security prices reflect all public and private information.
1169	Structural budget deficit	Also known as the cyclically adjusted budget deficit. The deficit that would exist if the economy was at full employment (or full potential output).
1170	Structural subordination	Refers to the positioning of debt, which is issued by a legal entity, typically a holding company, which is separate and therefore one step removed from an operating company, which holds assets pledged under a security agreement to senior secured debtholders.
1171	Structured notes	A broad category of securities that incorporate the features of debt instruments and one or more embedded derivatives designed to achieve a particular issuer or investor objective.
1172	Subordinated debt	A class of unsecured debt that ranks below a firm's senior unsecured obligations.
1173	Subordination	A form of internal credit enhancement that relies on creating more than one bond tranche and ordering the claim priorities for ownership or interest in an asset between the tranches. The ordering of the claim priorities is called a senior/subordinated structure, where the tranches of highest seniority are called senior, followed by subordinated or junior tranches. Also called <i>credit tranching</i> .
1174	Subprime loans	Lending to borrowers with lower credit quality, high DTI, and/or are loans with higher LTV, and include loans that are secured by second liens otherwise subordinated to other loans.
1175	Sum of squares error (SSE)	A measure of the total deviation between observed and estimated values of the dependent variable. It is calculated by subtracting each estimated value \hat{Y}_i from its corresponding observed value Y_i , squaring each of these differences, and then summing all of these squared differences.
1176	Sum of squares regression (SSR)	A measure of the explained variation in the dependent variable, calculated as the sum of the squared differences between the predicted value of the dependent variable, \hat{Y}_{-i} , based on the estimated regression line, and the mean of the dependent variable, \bar{Y} .

1177	Sum of squares total (SST)	A measure of the total variation in the dependent variable in a simple linear regression. It is calculated by subtracting the mean of the observed values \bar{Y} from each of the observed values Y_i , squaring each of these differences, and then summing all of these squared differences.
1178	Sunk costs	A cost that has already been incurred.
1179	Supervised learning	A type of machine learning in which the system attempts to learn to model relationships based on labeled training data.
1180	Supervisory board	In some jurisdictions, a corporation's board of directors is formally composed of a supervisory board and a management board. The supervisory board appoints and oversees the management board and often includes representatives of employees and other non-shareholder stakeholders.
1181	Supply chain	The sequence of processes involved in the creation and delivery of a physical product to the end customer, both within and external to a firm, regardless of whether those steps are performed by a single firm.
1182	Supply shock	A typically unexpected disturbance to supply.
1183	Survivorship bias	Relates to the inclusion of only current investment funds in a database. As such, the returns of funds that are no longer available in the marketplace (have been liquidated) are excluded from the database. Also see <i>backfill bias</i> .
1184	Swap contract	An agreement between two parties to exchange a series of future cash flows.
1185	Swap execution facility (SEF)	A swap trading platform accessed by multiple dealers.
1186	Swap rate	The fixed rate to be paid by the fixed-rate payer specified in a swap contract.
1187	Swap	A firm commitment involving a periodic exchange of cash flows.
1188	Syndicate	A group of lenders, typically made up of banks.
1189	Synthetic protective put	The combination of a synthetic long underlying position (i.e., a long forward and risk-free borrowing) and a purchased put on the underlying.
1190	Systematic risk	Risk that affects the entire market or economy; it cannot be avoided and is inherent in the overall market. Systematic risk is also known as <i>non-diversifiable</i> or <i>market risk</i> .
1191	Systematic sampling	A procedure of selecting every k th member until reaching a sample of the desired size. The sample that results from this procedure should be approximately random.
1192	Systemic risk	Refers to risks supervisory authorities believe are likely to have broad impact across the financial market infrastructure and affect a wide swath of market participants.
1193	Tactical asset allocation	A proactive strategy that adjusts asset class allocations within a portfolio based on short-term market trends, economic conditions, or valuation changes to capitalize on temporary market inefficiencies or opportunities to improve returns or manage risk more effectively.

1194	Target capital structure	Management's desired proportions of debt and equity financing, usually stated on a book value basis or indirectly using a financial leverage metric, such as net or gross debt to EBITDA or credit rating.
1195	Target independent	A bank's ability to determine the definition of inflation that they target, the rate of inflation that they target, and the horizon over which the target is to be achieved.
1196	Target semideviation	A measure of downside risk, calculated as the square root of the average of the squared deviations of observations below the target (also called <i>target downside deviation</i>).
1197	Tariffs	Taxes that a government levies on imported goods.
1198	Tax base	The amount at which an asset or liability is valued for tax purposes.
1199	Tax expense	An aggregate of an entity's income tax payable (or recoverable in the case of a tax benefit) and any changes in deferred tax assets and liabilities. It is essentially the income tax payable or recoverable if these had been determined based on accounting profit rather than taxable income.
1200	Taxable income	The portion of an entity's income that is subject to income taxes under the tax laws of its jurisdiction.
1201	Taxable temporary differences	Temporary differences that result in a taxable amount in a future period when determining the taxable profit as the balance sheet item is recovered or settled.
1202	Technical analysis	A form of security analysis that uses price and volume data, often displayed graphically, in decision making.
1203	Tender offer	A solicitation by a current or prospective shareholder to other shareholders to acquire a substantial percentage, including 100%, of shares at a specified price. This action is usually undertaken by a potential acquirer whose bid was rejected by the issuer's board of directors, prompting the potential acquirer to appeal directly to shareholders.
1204	Tenor	The remaining time to maturity for a bond or derivative contract. Also called term to maturity.
1205	Term repos	Repos with a maturity longer than one day.
1206	Term structure of interest rates	Also known as the maturity structure of interest rates, refers to the difference in interest rates or benchmark yields by time-to-maturity.
1207	Terminal stock value	The expected value of a share at the end of the investment horizon—in effect, the expected selling price. Also called <i>terminal value</i> .
1208	Terminal value	The expected value of a share at the end of the investment horizon—in effect, the expected selling price.
1209	Test of the mean of the differences	A statistical test for differences based on paired observations drawn from samples that are dependent on each other.
1210	Text analytics	Involves the use of computer programs to analyze and derive meaning typically from large, unstructured text- or voice-based datasets, such as company filings, written reports, quarterly earnings calls, social media, email, internet postings, and surveys.

1211	Thematic risks	Known risks that evolve and expand over a period of time. Climate change, pattern migration, the rise of populist forces, and the ongoing threat of terrorism fall into this category.
1212	Thin-tailed	Describes a distribution that has relatively less weight in the tails than the normal distribution (also called platykurtic).
1213	Tiered pricing	A pricing approach that charges different prices to different buyers, commonly based on volume purchased.
1214	Timberland investment management organizations	Entities that support institutional investors by managing their investments in timberland by analyzing and acquiring suitable timberland holdings.
1215	Time tranching	Structure of a securitization that allows for the redistribution of “prepayment risk” among bond classes by creating bond classes of different expected maturities.
1216	Time value decay	The process by which the time value of an option declines toward zero as the option’s expiration date is approached.
1217	Time value	The difference between an option’s premium and its intrinsic value.
1218	Time-weighted rate of return	The compound rate of growth of one unit of currency invested in a portfolio during a stated measurement period; a measure of investment performance that is not sensitive to the timing and amount of withdrawals or additions to the portfolio.
1219	Tokenization	The process of representing ownership rights to physical assets on a blockchain or distributed ledger.
1220	Top-down analysis	An investment selection approach that begins with consideration of macroeconomic conditions and then evaluates markets and industries based upon such conditions.
1221	Total probability rule for expected value	A rule explaining the expected value of a random variable in terms of expected values of the random variable conditional on mutually exclusive and exhaustive scenarios.
1222	Total return index	An index that reflects the price appreciation or percentage change in price of the constituent securities plus any income received since inception.
1223	Total return	Measures the price appreciation, or percentage change in price of the securities in an index or portfolio, plus any income received over the period.
1224	Total working capital	The difference between current assets and current liabilities.
1225	Tracking error	The standard deviation of the differences between a portfolio’s returns and its benchmark’s returns; a synonym of active risk. Also called <i>tracking risk</i> .
1226	Tracking risk	The standard deviation of the differences between a portfolio’s returns and its benchmarks returns. Also called tracking error.
1227	Trade creation	When regional integration results in the replacement of higher cost domestic production by lower cost imports from other members.

1228	Trade diversion	When regional integration results in lower-cost imports from non-member countries being replaced with higher-cost imports from members.
1229	Trade sale	A portion or division of a private company sold via either direct sale or auction to a strategic buyer interested in increasing the scale and scope of an existing business.
1230	Trade settlement date	The date when the buyer and seller transfer consideration and securities.
1231	Traditional investment markets	Markets for traditional investments, which include all publicly traded debts and equities and shares in pooled investment vehicles that hold publicly traded debts and/or equities.
1232	Tranches	A grouping of securities within an issue with characteristics that vary from other tranches, such as different credit quality and seniority.
1233	Transfer payments	Welfare payments made through the social security system that exist to provide a basic minimum level of income for low-income households.
1234	Transition risks	Economic and financial losses from the transition to a lower-carbon economy in response to climate change—for example, the abandonment of an oil well that is no longer economical.
1235	Treasury Inflation-Protected Securities (TIPS)	US Treasury bonds with a principal that is adjusted for changes in the Consumer Price Index. TIPS are issued in 5-, 10-, and 30-year maturities.
1236	Treynor ratio	A measure of risk-adjusted performance that relates a portfolio's returns in excess of the risk-free rate to a portfolio's beta.
1237	Trimmed mean	A mean computed after excluding a stated small percentage of the lowest and highest observations.
1238	Triparty repo	A repurchase agreement in which the transacting parties agree to use a third-party agent that provides access to a larger collateral pool and multiple counterparties, as well as valuation and safekeeping of assets.
1239	True yield	Measures on fixed-income instruments use actual payment dates, accounting for weekends and holidays. The true yield on an instrument is always lower than the street convention yield.
1240	Turn-of-the-year effect	Calendar anomaly that stock market returns in January are significantly higher compared to the rest of the months of the year, with most of the abnormal returns reported during the first five trading days in January.
1241	Two-fund separation theorem	The theory that all investors regardless of taste, risk preferences, and initial wealth will hold a combination of two portfolios or funds: a risk-free asset and an optimal portfolio of risky assets.
1242	Two-way table	A table of the frequency distribution of observations classified on the basis of two discrete variables. Also known as <i>Contingency table</i> .
1243	Two-week repo rate	The interest rate on a two-week repurchase agreement; may be used as a policy rate by a central bank.
1244	Type I error	The error of rejecting a true null hypothesis; a false positive.
1245	Type II error	The error of not rejecting a false null hypothesis; false negative.

1246	Uncommitted lines of credit	Sources of bank credit that a bank can refuse to honor. Uncommitted credit lines are made up to a certain principal amount for a pre-determined maximum maturity, charging a market reference rate plus an issuer-specific spread on only the principal outstanding for the period of use.
1247	Underfitted	When a machine learning model treats true parameters as if they are noise and is unable to recognize relationships in the training data, making the model more likely to fail to fully discover patterns that underlie the data.
1248	Underlying	The asset referred to in a derivative contract .
1249	Underwritten offering	A type of securities issue mechanism in which the investment bank guarantees the sale of the securities at an offering price that is negotiated with the issuer. Also known as <i>firm commitment offering</i> .
1250	Unearned revenue	A liability account for money that has been collected for goods or services that have not yet been delivered; payment received in advance of providing a good or service. Also called <i>deferred revenue</i> or <i>deferred income</i> .
1251	Unimodal	A distribution with a single value that is most frequently occurring.
1252	Unit economics	The expression of revenues and costs on a per-unit basis.
1253	Unitranche debt	A hybrid loan combining senior and subordinated debt in one facility, typically issued to small- or medium-sized corporate borrowers by private debt funds.
1254	Unsecured	Without collateral; unsecured debt is backed only by cash flows of the issuer.
1255	Unsponsored	A type of depository receipt in which the foreign company whose shares are held by the depository has no involvement in the issuance of the receipts.
1256	Unsupervised learning	A type of machine learning in which the system tries to learn the structure of unlabeled data.
1257	Utility tokens	Tokens that provide services within a network, such as paying for services and network fees.
1258	Validity instructions	Instructions which indicate when the order may be filled.
1259	Value added resellers	Businesses that distribute a product and also handle more complex aspects of product installation, customization, service, or support.
1260	Value at risk	A money measure of the minimum value of losses expected during a specified time period at a given level of probability.
1261	Value chain	The systems and processes in a firm that create value for its customers.
1262	Value proposition	The product or service attributes valued by a firm's target customer that lead those customers to prefer that firm's offering.
1263	Value-add real estate strategies	Strategies that involve larger-scale redevelopment and repositioning of existing assets and that may allow the investor to earn a higher return compared with core-plus real estate strategies.

1264	Value-based pricing	Pricing set primarily by reference to the value of the product or service to customers.
1265	VaR	See <i>value at risk</i> .
1266	Variance of a random variable	The expected value (the probability-weighted average) of squared deviations from a random variable's expected value.
1267	Variance	The expected value (the probability-weighted average) of squared deviations from a random variable's expected value.
1268	Variation margin	The difference between current margin required and the current collateral price in a repurchase agreement.
1269	Vega	The change in a given derivative instrument for a given small change in volatility, holding everything else constant. A sensitivity measure for options that reflects the effect of volatility.
1270	Velocity	The pace at which geopolitical risk impacts an investor portfolio.
1271	Venture capital fund	A hedge fund that seeks to buy, optimize, and ultimately sell portfolio companies to generate profits. See <i>private equity fund</i> .
1272	Venture capital	Private equity investment in a startup or early-stage company involving high risk and a high rate of failure.
1273	Venture debt	Unsecured debt from non-bank lenders offered to startup companies, often in anticipation of follow-on equity offerings, which typically involves a loan plus a warrant.
1274	Vest	To become unconditionally entitled to.
1275	Vesting date	The day that an employee becomes unconditionally entitled to compensation.
1276	Vintage year	Year in which capital is initially deployed to a specific investment or project or a private market fund, used for benchmarking purposes and to seek diversification over time in a private market allocation.
1277	Volatility	The standard deviation of the continuously compounded returns on the underlying asset.
1278	Vote by proxy	A mechanism that allows a designated party—such as another shareholder, a shareholder representative, or management—to vote on the shareholder's behalf.
1279	Voting rights	The power of shareholders to cast votes in corporate elections for directors and other matters submitted to a shareholder vote.
1280	Warrant	Debt feature or security granting the right to purchase additional common equity shares issued by the company at a predetermined price for a given period.
1281	Waterfall structures	These represent the distribution order for cash flows and risk to different tranches in a financing structure.
1282	Weak-form efficient market hypothesis	The belief that security prices fully reflect all past market data, which refers to all historical price and volume trading information.

1283	Weighted average cost of capital (WACC)	The expected cost of debt and equity weighted by the proportion of each used in a company's capital structure.
1284	Weighted average coupon rate (WAC)	Rate calculated for a mortgage pass-through security by weighting the mortgage rate of each mortgage in the pool by the percentage of the outstanding mortgage balance relative to the outstanding amount of all the mortgages in the pool.
1285	Weighted average maturity (WAM)	Calculated for a mortgage pass-through security by weighting the remaining number of months to maturity of each mortgage in the pool by the outstanding mortgage balance relative to the outstanding amount of all the mortgages in the pool.
1286	Winsorized mean	A mean computed after assigning a stated percentage of the lowest values equal to one specified low value and a stated percentage of the highest values equal to one specified high value.
1287	Write-off/liquidation	Refers to a transaction that has not gone well, and the investment is likely to lose value. The private equity firm revises the value of its investment downward or liquidates the portfolio company.
1288	Yield curve	A graphical depiction of yields-to-maturity of bonds from the same issuer across maturities.
1289	Yield spread	The difference in yield-to-maturity between a bond and that of another bond.
1290	Yield-to-call	An internal rate of return on a fixed-income instrument's cash flows assuming cash flows are received on scheduled dates and the bond is called at a certain call price and date.
1291	Yield-to-maturity	The internal rate of return that an investor earns on a bond assuming no default, the bond is held to maturity, and periodic cash flows are reinvested at the yield-to-maturity. Also called yield-to-redemption or redemption yield.
1292	Yield-to-worst	The lowest among a fixed-income instrument's yields-to-call and yield-to-maturity. A commonly cited yield measure for fixed-rate callable bonds.
1293	Zero-coupon bonds	Bonds that do not pay interest during their life. They are issued at a discount to par value and redeemed at par. Also called pure discount bond.
1294	Z-spread	or zero-volatility spread is a constant yield spread for a bond over a government or swap curve.