

Definition 1 A **financial transaction** is an agreement, communication, or movement carried out between two legal persons to exchange an **asset** (goods or services) for **payment** (usually a quantity of money). The legal person providing the asset in a transaction is called the **seller** and the legal person providing the payment the **buyer**.

Definition 2 The **price** the quantity of payment or compensation given by one party to another in return for an asset.

As prices are usually negotiated, we distinguish the **askingprice** (the amount asked by the vendor) from the **bid price** (the quantity of payment offered by a buyer), which may differ from the **transaction price** (the amount actually paid in the sale transaction).

Definition 3 Asking prices for a particular asset may vary over time and with the amount of the asset sold in a transaction. We can encode this in a **volume pricing function**¹.

EdN:1

¹EDNOTE: MK: I am almost sure that this is not the correct word. But there must be a word for this concept