

# Glossary of Key Terms

Term	Definition
<b>Bond</b>	Debt instruments that are issued by companies or governments when they want to raise money. Purchasers of bonds (bondholders) are giving the issuer money. The issuer agrees to pay the bondholder the face (original) value of the bond on a specific date, and to pay periodic interest payments until then.
<b>Investment Grade</b>	A bond classification used to denote bonds with relatively low credit or default risk. Credit rating agencies including S&P, Moody's and Fitch provide ratings on a bond. A minimum bond rank is classified as investment grade by each agency: S&P (BBB- or higher); Moody's (Baa3 or higher); Fitch (BBB- or higher).
<b>Senior Bond</b>	A bond with higher priority compared to other debt instruments in the event of a company's liquidation. Senior bondholders must be paid before holders of junior debt.
<b>Rating</b>	<p>Reports published by credit rating agencies as to the creditworthiness of corporate and government bonds. They reflect the evaluations of a bond issuer's financial strength and capacity to meet required repayments. Each agency's rating system classifies bonds as investment grade, non-investment grade, or not rated.</p> <p>Investment grade bonds carry relatively lower default risk and therefore carry a lower interest rate. Non-investment grade bonds are riskier and hence offer a higher interest rate to bondholders.</p>
<b>Pricing Date</b>	The date on which the price and amount of the bond is determined.
<b>Issue Size</b>	The total amount raised by the bond issuer.
<b>Tenor / Maturity</b>	The length of time from bond issuance to when the bond is set to mature (where the face value is repayable).
<b>Coupon</b>	The amount of interest payable to the bondholder based on the face value of the bond. These payments are usually made on a periodic basis agreed in the bond contract (semi-annual basis, annual basis, etc).