

THE  
PALGRAVE MACMILLAN  
DICTIONARY  
*of*  
FINANCE,  
INVESTMENT *and* BANKING



Erik Banks



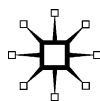
The Palgrave Macmillan Dictionary of Finance,  
Investment and Banking



# **The Palgrave Macmillan Dictionary of Finance, Investment and Banking**

Erik Banks

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EB  
Maine, 2009



# The Author

Erik Banks is responsible for risk management of the Corporate and Investment Banking division at the European universal bank UniCredit. Over the past 23 years he has held senior risk positions at Citibank, Merrill Lynch, and in the hedge fund sector in New York, Tokyo, Hong Kong, London, and Munich. He is the author of more than 20 books on risk, derivatives, emerging markets, and governance.

# Introduction

*The Palgrave Macmillan Dictionary of Finance, Investment and Banking* is a revised and comprehensive reference book that explains the formal and informal terminology of finance. We have structured the book much like any other dictionary so that it can be used as an easy (and hopefully frequent) guide and reference. Perhaps the hardest part in a project of this type is limiting the scope of content. Accordingly, as we set out to prepare this text we operated under two fundamental rules:

Rule 1: Include the most commonly encountered terms in a particular field.

Rule 2: Limit the fields to the essentials of the following:

- accounting
- business economics
- business law
- commercial banking
- corporate finance
- credit and equity analysis
- insurance/reinsurance
- investment banking
- risk management
- securities and investment
- trading/derivatives

In addition to formal terms, we decided to include some of the colloquialisms that have crept into the business vernacular over the years. We believe this is important because much of what happens in the banking, securities, asset management, and insurance industries is based to a degree on the informal language of the trade. So, when the reader hears of the “hung deal” in a securities underwriting, “stripping the yield curve” in a trading environment, or “spinning” in financial regulations, he or she is encountering the real language of finance; these terms convey concisely, efficiently, and sometimes colorfully what might otherwise take whole sentences to express. We have tried to take some care with colloquialisms by including terms that seem to have survived for a period of time. Obviously, new phases of market development can lead to the creation of new words, and these may ultimately fall out of use when the market phase subsides or changes. We have tried to be cognizant of this by focusing on the enduring terms of the marketplace.

There are, of course, instances where a particular concept or definition is known by different terms, even in the same marketplace. Rather than repeating

definitions, we refer the reader to the single source for the definition, using some judgment about which of the two, and sometimes three, words serves as the “anchor” term.

## **How to use this dictionary**

The dictionary contains clear, concise, easy-to-read financial definitions and descriptions, arranged in alphabetical order. Each definition ranges from two to ten sentences in length (depending on topic and complexity).

Cross-references to other terms in the dictionary are indicated in CAPITALS.

Foreign and colloquial terms are distinguished as follows:

- Arabic: ARB
- Colloquial: COL
- French: FR
- German: GER
- Italian: ITL
- Japanese: JPN
- Korean: KOR
- Latin: LAT
- Spanish: SPN

Where relevant “Also known as” references for terms that are known by multiple names are included.

Cross-references to additional terms within the dictionary are included where we believe these can add supplementary information or points of view.

References to external sources of information are included where we believe these may be of use to the reader.

Examples, charts, and figures are incorporated where additional clarity and information can be communicated. Where appropriate, we have also used very simple formulas and equations to convey certain terms, but these are non-technical and suitable for general business readers.

# Summary of Colloquialisms, Foreign Language Terms, and Acronyms

## Colloquialisms

ABOVE THE LINE  
ACCELERATOR  
ACTIVE BET  
ACTIVE BOX  
ACTUALS  
AFTER THE BELL  
ALGO  
ALGO TRADING  
ALL-IN  
ALLIGATOR SPREAD  
ALPHABET STOCK  
ALT-A  
ANGEL  
ANKLE BITER  
ARB  
ARM'S LENGTH  
ASIAN TAIL  
ASSET STRIPPER  
AUNT MILLIE  
AXE  
BABY BOND  
BACK BOOK  
BACK DOOR  
BACK DOOR LISTING  
BACK OFFICE  
BACK UP THE TRUCK  
BAD BANK  
BANKMAIL  
BAY STREET  
BAZAAR  
BEAR  
BEAR CLOSING  
BEAR HUG  
BEAR RAID  
BEAR SLIDE

BEAR SPREAD  
BEAR SQUEEZE  
BEAR TRAP  
BEATING THE GUN  
BEAUTY CONTEST  
BED AND BREAKFASTING  
BEIGE BOOK  
BELLS AND WHISTLES  
BELLWEATHER  
BELLY OF THE CURVE  
BELLYUP  
BELOW THE LINE  
BENCHMARK  
BID WHACKER  
BIG BANG  
BIG BOARD  
BIG DOG  
BIG FIGURE  
BIG UGLIES  
BLACK BOX  
BLACK KNIGHT  
BLACK MONDAY  
BLACK MONEY  
BLACK SWAN  
BLANK CHECK PREFERRED  
BLIND BID  
BLOWOUT  
BLUE CHIP  
BOARD LOT  
BOBL  
BOGEY  
BOILER ROOM  
BOILERPLATE  
BOND CROWD  
BOND VIGILANTES  
BOOK  
BOOKRUNNER  
BOOTSTRAP  
BOOTSTRAPPING  
BOTTOM LINE  
BOTTOM FISHING  
BOUGHT DEAL  
BOUTIQUE  
BRADY BOND  
BREAKING SYNDICATE

BREAKING THE BUCK  
BRIC  
BRICKS AND MORTAR  
BROKEN DATE  
BUBA  
BUBBLE  
BUCK  
BUCKET SHOP  
BULGE BRACKET  
BULL  
BULL SPREAD  
BUNCHING  
BUNDLE  
BUNNY BOND  
BUSTED CONVERTIBLE  
BUY MINUS  
BUY-SIDE  
BUY THE BOOK  
BUYING THE DIPS  
CABLE  
CAFETERIA PLAN  
CAGE  
CAMEL  
CANDLESTICK  
CARROT EQUITY  
CARRY  
CASH COW  
CATCH A FALLING KNIFE  
CHASING THE MARKET  
CHEAP  
CHECK KITING  
CHERRY PICK  
CHEWABLE PILL  
CHINESE WALL  
CHURNING  
CIRCLE  
CIRCUIT BREAKER  
CITY  
CITY CODE  
CLAWBACK  
CLEAN  
CLEAN FLOAT  
CLEAN PRICE  
CLONE FUND  
CLOSING BELL

CLUB DEAL  
COAT-TAILING  
COLD CALLING  
COMPS  
CONCERT PARTY  
CONSOL  
CONTAGION  
CONTRARIAN  
COOKIE JAR ACCOUNTING  
COOKING THE BOOKS  
COOLING OFF PERIOD  
CORNERING  
CRACK SPREAD  
CREEPING TAKEOVER  
CREEPING TENDER  
CROWDED TRADE  
CROWN JEWEL DEFENSE  
CROWN JEWELS  
CRUSH SPREAD  
CYLINDER  
DAISY CHAIN  
DARK POOL  
DAWN RAID  
DEAD CAT BOUNCE  
DEAD HAND CLAUSE  
DEAD HAND POISON PILL  
DEAD MONEY  
DEATH SPIRAL  
DEEP MARKET  
DIRTY FLOAT  
DIRTY MONEY  
DIRTY PRICE  
DIRTY STOCK  
DK  
DOG  
DOG AND PONY SHOW  
DOGS OF THE DOW  
DOUBLE DIPPING  
DOWN ROUND  
DRAGON  
DRY POWDER  
DUMMY DIRECTOR  
DWARF  
E-MINI