

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



Erik Banks



The Palgrave Macmillan Dictionary of Finance,
Investment and Banking

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macmillan



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Softcover reprint of the hardcover 1st edition 2010 978-0-230-23829-9

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First published 2010 by
PALGRAVE MACMILLAN

Palgrave Macmillan in the UK is an imprint of Macmillan Publishers Limited, registered in England, company number 785998, of Hounds Mills, Basingstoke, Hampshire RG21 6XS.

Palgrave Macmillan in the US is a division of St Martin's Press LLC,
175 Fifth Avenue, New York, NY 10010.

Palgrave Macmillan is the global academic imprint of the above companies and has companies and representatives throughout the world.

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ISBN 978-1-349-58938-8 ISBN 978-0-230-25121-2 (eBook)

DOI 10.1057/9780230251212

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental regulations of the country of origin.

A catalogue record for this book is available from the British Library.

A catalog record for this book is available from the Library of Congress.

Contents

<i>Acknowledgments</i>	vii
<i>The author</i>	viii
<i>Introduction</i>	ix
<i>Summary of colloquialisms, Foreign language terms, and acronyms</i>	xi
Numeric	1
A	3
B	39
C	74
D	138
E	172
F	200
G	234
H	251
I	259
J	288
K	291
L	294
M	316
N	343
O	361
P	375
Q	416
R	419
S	455
T	503

U	526
V	534
W	543
X	550
Y	551
Z	554
<i>Appendix</i>	556
<i>References</i>	564

Acknowledgments

I would like to extend my thanks and appreciation to Lisa von Fircks at Palgrave Macmillan for support in moving forward with a new version of this project. Thanks are also due to the editing, production, and marketing teams at Palgrave for their work in producing the book.

My deepest thanks, as always, go to Milena.

EB
Maine, 2009

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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