

**INTERNATIONAL DICTIONARY
OF THE
SECURITIES INDUSTRY**

Stuart Valentine

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INTRODUCTION

It has long been one of my hobby-horses that the essential workings of a stock market are really quite simple. Yet new investors approaching the market for the first time are apt to be thoroughly put off by the apparent complexity of the language. That is a pity, because little can be more important for someone than to use his savings for his own and his family's security. Not understanding the world of investment and blindly trusting those who use the language as a smoke-screen, rather than as the means of communication it is supposed to be, can have unfortunate consequences: at best the saver will not use his savings to their best advantage, while at worst, he could be lured into highly speculative investments by the promise of rich rewards, without appreciating the risks involved.

The language can be off-putting: indeed, the whole investment scene can sound at times like a safari park, with its inhabitants of bulls, bears, stags, cats and tigers, a veritable thundering herd of wildlife. Yet all of these have their meanings in everyday language and all of them (including the thundering herd itself) will be found in the pages of this volume.

The object of compiling this book was not, of course, to solve all financial problems and make everyone rich. Anyone looking for such a book is advised to put down this volume right now and try another. Rather, its aim is to help both those approaching investment for the first time and also those already involved to thread their way through the jargon. Those involved will already know better than I the meanings of many of the words here. But the language of investment is growing week by week, and I hope that even the experienced investor and market man will find something new here.

The world of investment is also growing more international. Phrases starting in one market gradually (or these days not so gradually) pass into other markets' terminology. As the market in securities is becoming increasingly worldwide, an attempt has been made here to explain some of the words and the institutions of overseas markets, but I am conscious that many words common in those markets may have been left out.

The other problem is the rate of growth, amounting almost to an explosion, in the language of investment. Dozens of the words and phrases in this dictionary would not have been there a year ago. Frighteningly, a year from now there will be dozens more which today are still unheard of.

So, inevitably, not everything will be here, but I hope that it will meet the needs of those who, in their own or in overseas markets, are in need of clarification and enlightenment on the meaning of particular words and phrases. Where possible I have tried to include sources of further information, by way of bibliography, in the hope that those who find the definition given here inadequate for their needs will be guided to the more detailed information in those other sources.

I should say a word or two about layout and style. A strict alphabetical order has been adopted, ignoring the fact that individual words may be separated: thus 'capitalization' comes after 'capital gain' but before 'capital redemption yield'.

Cross references to both English and foreign words contained in the body of the text are printed in SMALL CAPITALS. For foreign terminology, where the word or phrase has a close English equivalent, I have referred readers to that English translation although, occasionally, the cross-referenced English equivalent will be accompanied by background information which refers to the specific situation in the United Kingdom or the United States. Where there is no such equivalent, an explanation of the phrase has, of course, been given.

The words *bourse*, *Börse* and *Borsa* have been used in the appropriate national contexts, although I have sometimes used phrases such as 'the French Stock Exchanges' or 'the Frankfurt Stock Exchange' when to have used *bourse* or *Börse* would have sounded excessively pedantic.

The differences between English and American usage have sometimes caused difficulty. Though 'company' and 'corporation' may be used almost interchangeably, I have tried to be careful to distinguish between the English and American uses of the word 'stock': in the United Kingdom 'stock' is a fixed interest security; in the United States, 'stock' or 'common stock' is equity, the word for fixed interest security being 'bond'. If it is any consolation to the layman, conversations between market practitioners of the two countries often have to be clarified on this score. In any discrepancy between English and American spelling the English version has been used except where the definition in which the word appears is wholly American. The style, *-ize* and *-ization* have been used at the publisher's request, instead of *-ise* and *-isation*.

Where a word has (a) a common meaning; (b) a banking or other financial meaning; (c) a specific stock exchange meaning, I have tended to ignore the first of these, and have defined the second only when it has a relevance to a stock market, or is necessary to understand the particular use employed in a stock exchange context. Thus, for example, I have not defined the word 'average' in an insurance context, only its stock market meaning. In all cases, the specific stock exchange meaning has been defined.

Finally, I have used the word 'he' to refer to the third person singular throughout.

ACKNOWLEDGEMENTS

Anyone attempting to compile a dictionary which sets out to cover such a broad spectrum as international stock market terminology must, of necessity, rely on the active and enthusiastic assistance of others. In this case, that help has been so unstintingly given by so many people that to do them all full justice would fill far more pages than I am allotted for the purpose.

In particular, I would like to thank first and foremost Malcolm Duncan of the Milan Stock Exchange for the immense amount of help willingly given on Italian terminology. Also Bill Freund and Kenneth Fox of the New York Stock Exchange for the use of the NYSE glossary of terminology, as well as for considerable help given me in clarifying and supplementing my information on the complex American scene. In this context, my additional thanks are due to Merrill Stevenson of *The Economist* for invaluable help and advice.

On other overseas markets I have been greatly assisted by the help I have received from Bertrand Jacquillat and Bruno Montier of the *Chambre Syndicale des Agents de Change* in Paris; by Dr. Herbert Schlicht of the Frankfurt Stock Exchange, Robert Fell, Commissioner for Securities in Hong Kong, Ada Jeung of his office and Andrew Mason of the London office of Nomura Research.

I should like to thank Dr Paul Stonham for permission to use material from his book, *Major Stock Markets of Europe*, references to which appear in various bibliographies in the text. John Wiley, the New York publishers, also gave me permission to quote from their *International Finance Handbook*, edited by Abraham M. George and Ian H. Giddy, and again the debt I owe to that volume is reflected in many of the bibliographic notes. So too is the debt to Janette Rutterford's book, *An Introduction to Stock Exchange Investment*.

On the UK domestic scene, Juliette Proudlove of the London International Financial Futures Exchange provided me with valuable information on that market's terminology, while Tony Newman and A.E. Backholer, of the Society of Investment Analysts, kindly provided help on balance sheet terminology and on the sometimes complex vocabulary of the investment analyst. Among my colleagues at The Stock Exchange I would like to thank Sheila Nicoll for providing many valuable contacts and for help with translations, together with Alan King and Tracy Alexander of the Settlement Division, who helped guide me through some of the more obscure corners of that esoteric area.

To all of those mentioned, as well as many who gave pieces of advice too numerous to mention, I extend my most sincere thanks.

Their contribution is a major one, but I must not forget those who gave me encouragement, support and help in the actual production of the volume: Jeffrey Knight, Chief Executive of The Stock Exchange, who encouraged me to undertake the task; David Clutterbuck and John Hodgson of Macmillan Press who initiated the idea and helped me to carry it to fruition; John Webster, whose technical expertise helped speed up the production process, Nigel Storer, who helped check information and fill in some of the blanks. My thanks most of all go to Ann Hanson, who not only typed and re-typed the drafts, but who was also extremely valuable in making me turn highly obscure and unintelligible definitions into something approaching both clarity and the English language. Obscurities and errors which remain are entirely, of course, my own responsibility.

A final word of gratitude to my wife Jill, whose forbearance when the evenings and weekends of what was laughingly called my spare time were devoted to 'The Dictionary'. When I emerge from the study, I only hope she remembers who I am.

To all those who have given their help, I am aware I have built up a large debit balance of favours owed. I hope I shall have the opportunity to repay them.

List of Abbreviations

The following commonly-used abbreviations and acronyms appear in the main body of the text in the alphabetical order of the full reference. Where an abbreviation or acronym has itself been used as a headword, e.g. TALISMAN, it has not been repeated here.

AASE	: Association of Australian Stock Exchanges	CGT	: Capital Gains Tax
ABS	: Automated Bond System	CMA	: cash management account
ACT	: Advance Corporation Tax	COB	: Commission des Opérations de Bourse
ADR	: American Depository Receipt	CONSOB	: Commissione Nazionale per la Società e la Borsa
AG	: Aktiengesellschaft	CSI	: Council for the Securities Industry
AHC	: Accepting Houses Committee	CTT	: Capital Transfer Tax
AIBD	: Association of International Bond Dealers		
AITC	: Association of Investment Trust Companies	DOTS	: Designated Order Turnaround System
AMEX	: American Stock Exchange	DTC	: Depository Trust Company
AMOS	: AMEX Options Switching System	DTI	: Department of Trade and Industry
ARP	: adjustable rate preferred stock		
ASAS	: American Shares Amsterdam System	ECI	: Equity Capital for Industry
ASL	: Admission of Securities to Listing	EDSP	: exchange delivery settlement price
		EFP	: exchange for physicals
BES	: Business Expansion Scheme	EMH	: Efficient Market Hypothesis
BET	: book entry transfer	EOE	: European Options Exchange
		EPIC	: Electronic Price Information Computer
CAC	: Compagnie des Agents de Change	EPS	: earnings per share
CAD	: cash against documents	ERISA	: Employee Retirement Income Security Act
CAES	: Computer Assisted Execution System	ESOP	: Employee Stock Ownership Plan
CAP	: convertible adjustable preferred stock		
CAPM	: Capital Asset Pricing Model	FCI	: Finance Corporation for Industry
CATS	: Computer Assisted Trading System (Canada)	FESE	: Far Eastern Stock Exchange
CATS	: certificate of accrual on Treasury securities (US)	FFI	: Finance for Industry
CBOE	: Chicago Board Options Exchange	FHLMA	: Federal Home Loan Mortgage Association
CD	: certificate of deposit	FIBV	: Fédération Internationale des Bourses de Valeurs
CFTC	: Commodity Futures Trading Corporation	FIFO	: first-in-first-out

FNMA	Federal National Mortgage Association	MIB	. indice Borsa Valori di Milano
FOCUS	Financial and Operational Combined Uniform Single Report	MIT	: market-if-touched
FTA	Financial Times-Actuaries all share index	MLR	: Minimum Lending Rate
FTO	Financial Times Ordinary share index	MPDS	. Market Price Display Service
FTSE	Financial Times-Stock Exchange index	NASD	National Association of Securities Dealers (US)
GmbH	Gesellschaft mit beschränkter Haftung (see Gesellschaft)	NASDAQ	National Association of Security Dealers Automated Quotations System
GNMA	Government National Mortgage Association	NASDIM	: National Association of Securities Dealers and Investment Managers (UK)
HSI	Hang Seng Index	NDJA	. Nikkei-Dow Jones Average
IBRD	International Bank for Reconstruction and Development	NPV	no par value (shares)
ICCH	International Commodities Clearing House	NSCC	. National Securities Clearing Corporation
ICFC	Industrial and Commercial Finance Corporation	NYFE	New York Futures Exchange
ID	International Dealer	NYSE	New York Stock Exchange
IFC	International Finance Corporation	OARS	: Opening Automated Report Service
IHA	Issuing Houses Association	OFT	Office of Fair Trading
III	Investors In Industry	OMO	open market operations
IMM	International Monetary Market	OTC	over-the-counter (markets)
IRA	Individual Retirement Account	PE or PER	. price-earnings ratio
ITS	Intermarket Trading System	PLC	. Public Limited Company
KAGG	Gesetz über die Kapitalanlagegesellschaften	PSL (1 or 2)	. private sector liquidity
KNI	Kam Ngan Index	R4	Registered Representative Rapid Response System
LCM	Limited Corporate Member	REIT	real estate investment trust
LDMA	London Discount Market Association	RPI	. retail price index
LIBOR	London Inter-Bank Offered Rate	SA	société anonyme
LIFFE	London International Financial Futures Exchange	SAYE	Save As-You-Earn
LIFO	last-in-first-out	SEC	. Securities and Exchange Commission
LSE	London Stock Exchange	SEDOL	. Stock Exchange Daily Official List
		SEPON	Stock Exchange Pool Nominees
		SESI	. Stock Exchange of Singapore Index
		SEOYB	: Stock Exchange Official Year Book
		SIA	: Securities Industry Association
		SIAC	: Securities Industry Automation Corporation

x Abbreviations

SICAV	société d'investissement à capital variable	SWIFT	Society for Worldwide Interbank Financial Telecommunications
SICOVAM	Société Interprofessionnelle pour la Compensation des Valeurs Mobilières	TBT	TALISMAN Bought Transfer
SIPA	Securities Investors Protection Act	TOPIC	Teletext Output of Price Information by Computer
SIPC	Securities Investors Protection Corporation	TSE	The Stock Exchange (UK) or Tokyo Stock Exchange (Japan)
SLMA	Student Loan Marketing Association	TST	TALISMAN Sold Transfer
S & P	Standard & Poor's Corporation	UCM	Unlimited Corporate Member
SRA	self-regulatory agency	USM	Unlisted Securities Market
STI	Straits Times Index	UTA	Unit Trust Association
		VAT	Value Added Tax

World Stock Exchange Indices

<i>Country</i>	<i>Index</i>	<i>No. of Companies</i>	<i>Base date</i>	<i>Base Value</i>	<i>Frequency of Calculation</i>
Argentina	El Cronista Commercial-Banco Roberts	All (260 app.)	29 Dec 1977	100	daily
Australia	Australian Stock Exchange All Ordinaries Price Index (AOPI)	270 (app.)	31 Dec 1979	500	continuously
	Australian Stock Exchange All Industrial Price Index (AIPI)	80 (app.)	31 Dec 1979	500	continuously
	Australian Stock Exchange All Resources Price Index (ARPI)	190 (app.)	31 Dec 1979	500	continuously
Austria	Creditanstalt Bankverein (CA Index)	20	2 Jan 1962	100	daily
	Girozentrale und Bank der Österreichischen Sparkassen AG (GZ-Index)	All	31 Dec 1966	100	daily
	Borsekammer (WBK Index)	43	31 Dec 1967	100	twice monthly
Belgium	Cash Market Index	All (197)	1 Jan 1980	100	daily
	Account Market Index: foreign companies All (63)		1 Jan 1985	1000	every two minutes
	Belgian companies All (33)		1 Jan 1980	1000	during trading session
Brazil	The Profit Index (IBV)	34	16 Aug 1965	100	daily
Canada	Montreal Composite Index	85	1956	100	half-hourly
	Industrial Index	65	1956	100	half-hourly
	Toronto "300" composite stock price index	300	1975	1000	every 15 minutes
Denmark	Copenhagen Stock Exchange Index	38	1 Jan 1973	100	daily
France	CAC Index	268	31 Dec 1981	100	at opening
	CAC Trend Indicator	50	end of previous year	100	continuously
	INSEE daily	50	end of previous year	100	at close
	INSEE weekly	220	end 1981	100	at opening
	Agefi (cash and account market)	162	2 Jan 1962	100	at close
Germany	Commerzbank	60 "blue chip" companies	1 Dec 1953	100	daily
Hong Kong	Hang Seng Index	33	31 July 1964	100	
	Far East Index	52	1 Apr 1971	1000	
Israel	Total Yields indices for stocks and bonds (TY)	all	31 Dec 1981	100	daily
Italy	Milano Indice borsa (MIB) Current Index	176	2 Jan 1983	1000	daily
	Historical Index	129	2 Jan 1975	1000	daily

xii World Stock Exchange Indices

Country	Index	No. of Companies	Base date	Base Value	Frequency of Calculation
Japan Osaka	Stock prices average (1st section)	220	4 Jan 1968	100	6 times on full business day 3 times on half business day
	Stock prices average (2nd section)	80	4 Jan 1968	100	
Tokyo	Toyko Stock Exchange Stock prices indices (TSESPI)	all on 1st section	4 Jan 1968	100	1st and 2nd sections continuously
	Nikkei Dow Jones average	225 on 1st section	16 May 1949	100	
Korea	Korean Composite Stock price Index (KCSPI)	all	4 Jan 1980	100	half-hourly
Luxembourg	Luxembourg Shares Index	8	27 Dec 1967	100	daily at close
Malaysia	Kuala Lumpur Stock Exchange Index (KLSE)	30	1970	100	daily at close and during every recess
Netherlands	ANP-CBS Stock Market Index	53	1970	100	active 4 times daily less active twice daily
Norway	Oslo SE Composite	25	1 Jan 1972	100	daily at close
Singapore	Stock Exchange of Singapore (SES) Industrial & Commercial	32	31 Dec 1973	100	twice daily
	Straits Times industrial (ST)	30	30 Dec 1966	100	daily at close
	OCBC Indices	40	2 Jan 1970	100	daily at close
South Africa	Johannesburg Stock Exchange actuaries index (JSEA)	146	31 Dec 1959	100	continuously
	Rand Daily Mail Indices	100	1958	100	daily at close
Spain: Barcelona	The Barcelona Stock Exchange current and historical indices	89	1 Jan each year and 1 Jan 1963 for long base index	100	continuously
Madrid	Daily Index	69	31 Dec of previous year	100	daily at close
Sweden	JAPO Industrial Banks Investment	30 9 19	31 Dec 1956	100	daily at close
	Affarvarden	135	31 Dec 1979	100	daily at close
	Veckans Affarer	135	31 Dec 1972	100	weekly
	Credit Suisse Index (CSI)	variable	31 Dec 1959	100	daily at close
Switzerland	Societe Generale de Banque Suisse Index (SBSI)	variable	31 Dec 1958	100	daily at close
	Banque Nationale Suisse Index (BNSI)	variable	1966	100	weekly (Friday's prices)
	Financial Times-Actuaries all-share Index (FTA)	750 (app.)	10 Apr 1962	100	daily at 3.30
United Kingdom	Financial Times Industrial Ordinary shares Index (FTO)	30	1 Jul 1935	100	hourly

World Stock Exchange Indices xiii

<i>Country</i>	<i>Index</i>	<i>No. of Companies</i>	<i>Base date</i>	<i>Base Value</i>	<i>Frequency of Calculation</i>
	Financial Times-Stock Exchange (FT-SE) 1000 Index	100	30 Dec 1983	1000	continuously
USA	Amex market value index	all (860 app.)	1 Sep 1973	100	10:15, 10:30 then every half-hour
	Dow Jones Average (see text)				
	NYSE Composite	all (1560 app.)	31 Dec 1965	50	continuously
	Standard & Poor's	500	1941/3	10	continuously
	Standard & Poor's	400	1941/3	10	continuously
	Standard & Poor's	100	2 Jan 1976	100	continuously

This table is largely based on statistics drawn up by the Brussels Stock Exchange for the F.I.B.V. in 1983. The F.I.B.V.'s permission to use it is gratefully acknowledged.

A

'AAA' or 'Triple A' rating (US) The highest rating awarded to PREFERRED STOCK by credit rating agencies such as Standard and Poor's Corporation. Such agencies also tend to rate bonds similarly and to have an additional classification for common stocks (ordinary shares). *See also* STANDARD AND POOR'S RATINGS

***abandonner* (Fr)** To abandon a BOURSE transaction by the payment of an agreed premium. Such a procedure is allowed on the MARCHE A PRIMES where the buyer has the right to cancel a deal before settlement day on payment of a fixed forfeit called a PRIME

***Ablosbare Vorzugsaktie* (Ger)** *See* REDEEMABLE PREFERENCE SHARE

above (the) market. At a price higher than the value currently ruling in the market

above par. *See* PAR

***Abrechnungstag* (Ger)** *See* SETTLEMENT DAY

***a breve scadenza* (It)** *See* SHORT DATED

***a breve termine* (It)** *See* SHORT TERM

***Abschlag* (Ger)** A discount from a nominal or PAR rate to a lower rate, normally expressed as a percentage of the par rate. (In the United Kingdom the TREASURY BILL rate is expressed this way.)

***Abschlagsdividende* (Ger)** *See* INTERIM DIVIDEND

***Abschluss* (Ger)** A deal or a bargain, carried out on the BORSE

***Abschnitt* (Ger)** *See* COUPON

absorption. *See* TAKE-OVER BID, MERGER, AMALGAMATION

***a cavallo* (It)** An expression used to indicate that though no exact price was fixed for the security, it should be possible to find a buyer or seller near the stated price. For example, shares are priced 'a cavallo' at 1180. Presumably it should therefore be possible to find a buyer at 1170 and a seller at 1190

***accaparer le marché* (Fr)** To CORNER a market

***accaparrare il mercato* (It)** To CORNER a market

acceptance (UK) (1) In the banking world, acceptance has a specific meaning with regard to a bill of exchange. In this context, acceptance is the acknowledgement by the acceptor that he will honour the bill if the drawee or other party fails to pay. Acceptance of a bill is normally signified by writing the word 'accepted' on the back of the bill and signing it. It is this specific meaning which has given the name to the ACCEPTING HOUSE.

(2) In a securities context, acceptance is the agreement by a shareholder to take up an offer made to him. Such an offer may be a RIGHTS ISSUE by a company in which he has a shareholding. It may also be some change in the conditions of this shareholding or benefit for which his agreement has to be obtained.

Alternatively, it could be the acceptance of an offer for all or part of his shareholding by another company in a MERGER or TAKE-OVER BID. *See also* ASSENT

accepting house (UK) Specifically a member of the ACCEPTING HOUSES COMMITTEE, a group of leading MERCHANT BANKS in the City of London. All accepting houses must have a substantial involvement in

2 Accepting Houses Committee

the ACCEPTANCE of bills of exchange, but in a Stock Exchange context, they are important as financial advisers to companies and closely concerned with them in the raising of new money from shareholders by issues of long term loans or shares. All the accepting houses are also members of the more broadly based ISSUING HOUSES ASSOCIATION

Accepting Houses Committee (AHC) (UK) A 16-strong group of the leading UK merchant banks. The Committee acts as the trade association for these banks and officially represents them on a number of other bodies, including the COUNCIL FOR THE SECURITIES INDUSTRY. The present members of the Accepting Houses Committee in alphabetical order are Baring Bros, Brown, Shipley, Charterhouse J Rothschild, Robert Fleming, Guinness Mahon, Hambros Bank, Hill, Samuel, Kleinwort, Benson, Lazard Bros, Morgan, Grenfell, Rea Brothers, N M Rothschild & Sons, Samuel Montagu, J Henry Schroder Wagg, Singer & Friedlander and S G Warburg

accompagnateur (Fr) A speculator, not specifically on the BOURSE, but the word is applied to someone who buys and sells shares on a short term view

acconto dividendo (It) Account dividend. See INTERIM DIVIDEND

accordarsi (It) To operate along the same lines adopted by other operators or dealers

account, Stock Exchange (UK) A two (occasionally three) week period within which dealings in registered company shares take place. Most UK equity and company fixed interest stock is dealt in on this basis but not UK GILT EDGED STOCK. The account usually runs in a four-weekly cycle. Dealings take place in the two-week period of the account itself from the Monday of week one to the Friday of week two. (Where a public holiday occurs, which in the United Kingdom is most usually on a Monday, the account extends to the Friday of week three.) A new

dealing account then begins. Settlement of all business done during the relevant account is made on the Monday of week four (see SETTLEMENT DAY) after all the necessary paperwork has been completed in the week following the end of the dealing account. See also ACCOUNT DEALING

accountant's opinion (US) The name by which an AUDITOR'S REPORT is often known in the United States

account day (UK) See SETTLEMENT DAY

account dealing (UK) The practice of buying and selling securities within the same ACCOUNT. In this case the investor will receive from (or pay to) the broker the difference between the buying and selling price(s) (plus relevant costs such as broker's COMMISSION), on SETTLEMENT DAY. The existence of the Stock Exchange account, in which all dealings are settled on one settlement day, permits short term trading to take place. (See ACCOUNT, STOCK EXCHANGE) Such short term dealing helps provide the market with LIQUIDITY, both in that more dealing is encouraged and also that the JOBBERS are able to deal more freely knowing that they have a period within which they can offset any LONG POSITION or SHORT POSITION they may be carrying

account executive (US) See REGISTERED REPRESENTATIVE

account settlement (UK) See ACCOUNT, STOCK EXCHANGE and FOR THE ACCOUNT

accredited investor (US) An investor who is allowed, under SECURITIES AND EXCHANGE COMMISSION rules, to participate in a PLACING of shares

accrued interest. Interest which has been earned on a fixed interest security but which has not yet been paid. Interest is normally paid half yearly, but the interest accrues on a daily basis. Any investor selling a security in

between interest payment dates is therefore entitled to the interest which has been earned, or accrued, up to the date he sells it. Equally, an investor buying the stock must expect to pay the interest accrued to date. Such daily accruals of interest are normally incorporated into the price of the stock, which might be expected to fall by the amount of the interest when the half yearly payment is made. An exception to the general rule for including accrued interest in the price occurs with short dated government stocks of less than five years to maturity dealt in on the Stock Exchange in the United Kingdom. There the price quoted is a CLEAN PRICE and the amount of accrued interest is calculated separately.

acid test ratio. The current assets of a company, less its stock-in-trade, divided by its current liabilities. *See also* CURRENT ASSETS RATIO

acquisition (UK) *See* TAKE-OVER BID

acquisto di titoli da parte di non-residenti (It). The purchase of Italian securities by non-residents which requires the import of the necessary currency through an agent bank and its conversion into lire at the moment when the purchased securities must be paid for.

Wherever the securities are not officially listed, the Italian Exchange Bureau requires that an evaluation certificate is obtained from the stockbrokers' Executive Committee (or from the Commission for the Official List in the case of minor stock exchanges). This is in order to determine the trading price of the share.

actif (Fr). *See* ASSET

acting in concert. *See* CONCERT PARTY

action (Fr) A share in a company as distinct from a loan. *See also* OBLIGATION

action à dividende prioritaire sans droit de vote (Fr). A share which may be issued by a company which has made profits in its two

preceding trading years. The shares give the right to a dividend ahead of ordinary shareholders, but no right to vote in a general meeting. The dividend will be of not less than 7.5 percent of nominal value. In the event of the dividend not being fully paid for a period of three years, the shares do then confer voting rights until full payment of the dividends has been made.

action au porteur (Fr) *See* BEARER SHARE

action avec droit de vote (Fr) *See* VOTING SHARE

action d'attribution, action gratuite (Fr) A bonus share. *See* SCRIP ISSUE

action de fondateur (Fr). *See* FOUNDER'S SHARE

action de priorité, action de privilégiée (Fr) *See* PREFERENCE SHARE.

action de priorité cumulatif (Fr) *See* CUMULATIVE PREFERENCE SHARE

action différée (Fr) *See* DEFERRED SHARE.

action entièrement libérée (Fr) *See* FULLY PAID SHARES

actionnaire (Fr) *See* SHAREHOLDER

action nominatif (Fr) *See* REGISTERED SHARE

action ordinaire (Fr) *See* ORDINARY SHARE

action partiellement libérée (Fr). *See* PARTLY PAID SHARES

action privilégiée amortissable (Fr). *See* REDEEMABLE PREFERENCE SHARE.

action sans droit de vote (Fr) *See* NON VOTING SHARE

action sans valeur nominal (Fr). *See* SHARE OF NO PAR VALUE

action souscrire (Fr) *See* FULLY PAID SHARE

active bond crowd (US) The group of dealers who operate in bonds which are well and actively traded

active market. A stock market in which trading in securities is busy. Investors in these circumstances are able to buy and to sell in large quantities at FINE PRICES

actuals. In a FINANCIAL FUTURES market the cash FINANCIAL INSTRUMENT as distinct from the FUTURES CONTRACT. In commodity futures markets the term used is 'physicals' meaning the actual commodity on which the futures contract is written

adjustable rate preferred stock (ARP) (US) A type of stock introduced in 1981 with variable rates of interest designed to keep the stock trading at close to its PAR VALUE. Several stocks however, especially those of banks, have not succeeded in maintaining their par values as their ratings have fallen

Admission of Securities to Listing (ASL) (UK) The booklet published by the Stock Exchange in the United Kingdom which gives the details of the Stock Exchange's requirements for companies seeking a stock market listing. The booklet is often known as the YELLOW BOOK from the colour of its binding

Adresse (Ger) A stock exchange member who is party to a securities transaction

ad valorem. A Latin phrase literally meaning 'to the value' used in many stock and money markets to describe the method of calculating the amount of tax and/or commission to be paid on a transaction. Where a tax or commission is *ad valorem*, the amount to be paid is usually a fixed percentage of the value of the deal to which it relates. Thus, for example an *ad valorem* tax of one percent on deals of £50,000 and £100,000 would produce £500 and £1000 of tax respectively

Advance Corporation Tax (ACT) (UK)

The CORPORATION TAX payable by a company on its dividend distributions. Under the Corporation Tax arrangements in the United Kingdom, dividends are declared and paid to shareholders on a net basis. The company however, has to gross up the net dividends by the current basic rate of income tax to arrive at a gross equivalent figure. The difference between the gross equivalent and the net figure on each dividend is shown as a TAX CREDIT to shareholders. The total of these differences on individual dividend payments is paid by the company to the tax authorities and is called Advance Corporation Tax. This payment, under present tax law, can be offset against a company's mainstream Corporation Tax on its profits, which does not become due until some time after its year end. In practical terms the system is little different from declaring a dividend gross and deducting tax from it at source before paying the net amount to the shareholder

BIBLIOGRAPHY *Income and Corporation Taxes Act 1970* (HMSO London) Glyn Saunders *Tolley's Corporation Tax* (Tolley Publishing London annually)

affare (It) A DEAL OR BARGAIN

affogliamento (It) The substitution of a new stock certificate for an old one.

after hours dealings. Dealings after the official close of business on a stock exchange trading floor. For details of individual stock exchange arrangements *see* TRADING HOURS

aftermarket. A word occasionally applied to trading in a security following its issue. *See also* SECONDARY MARKET which is the more common term

agent. One who carries out dealings on behalf of a principal. In stock market terms, it applies to a broker acting on behalf of his investment client. In some stock markets of the world the role of agent (broker) is strictly separated from that of principal (market

maker) but in others, where the role of both can be carried out by one and the same company, strict rules are enforced to ensure that the agent acts in that role and in his client's best interests

agent de change (Fr) An official member of the Paris (or any other French) Stock Exchange (BOURSE). No one can deal in securities in France unless he is an accredited *agent de change* and all must be members of the COMPAGNIE DES AGENTS DE CHANGE (CAC), a public corporation responsible along with the COMMISSION DES OPERATIONS DE BOURSE (COB), for the surveillance of French stock markets and brokers

agente di borsa or **agente di cambio** (It) See STOCKBROKER

Agents, Register of (UK) A register maintained by the Stock Exchange in the United Kingdom. It contains the names of those companies, investment advisers or individuals who act as agents for the public in stock market dealing and who are permitted to share commission with a Stock Exchange broking member on a prescribed scale. See also APPENDIX 41

aggiotaggio (It) Artificial dealing in a manner designed to create the false impression of price movement. The action is illegal

aggiotatore (It) A dealer who seeks to provoke a price rise or fall for his personal interests and not on the basis of buying or selling orders

aggiunta (It) A kind of option contract whereby the buyer acquires the right to buy or sell a quantity of securities two or more times the stipulated number

aggiustamento (del) corso (It) The adjustment of the share price following a change in the company's share capital in order to be able to make an accurate comparison of the price movements of the share over a long period of time

aggregation (UK) The term used in CAPITAL TRANSFER TAX legislation to describe the required adding together of separate gifts during a donor's lifetime to determine the rate at which CTT will be charged

agio. This term has a number of meanings in the world of banking and finance, all to do with a 'turn' or difference. For example, the sum payable for the convenience of exchanging one kind of money for another, as silver for gold paper for metal. Also, in somewhat archaic stock market terminology, the difference between the par value of a stock and its market price

Aktie (Ger) A share which may be either INHABERAKTIE (bearer) or NAMENAKTIE (registered). If the latter, the holders' names are kept in the *Aktienbuch* or *Aktienregister* (share register) and ownership is evidenced by an *Aktienzertifikat* (share certificate). The shareholder may also be entitled to GRATISAKTIEN (bonus shares) or acquire ANRECHT, the right to participate in a new issue

Aktienbuch, Aktienregister (Ger) Share register. See AKTIE

Aktiengesellschaft (AG) (Ger) A company with a share capital. One of the major forms of company organization in Germany. See also GESELLSCHAFT MIT BESCHRANKTER HAFTUNG (GMBH). An *Aktiengesellschaft* has 'AG' following its name and is broadly equivalent to PUBLIC LIMITED COMPANY (PLC), in the United Kingdom

Aktiengesetz (Ger) Company law

Aktenhandel (Ger) Dealing in stocks and shares, the role carried out by market makers (MAKLER)

Aktienindex (Ger) A share price index

Aktieninhaber (Ger) See SHAREHOLDER

Aktienkapital (Ger) See SHARE CAPITAL