Stock: It is a financial security through which traders can become partners in publicly traded companies. Stock price is dependent on market conditions as well as market perception. Stocks may pay dividends. Stocks do not have maturity dates. Stocks are traded in shares. Publicly traded companies issue stocks. Anybody can trade stocks.

Dividend: A periodic payment that companies may pay to stockholders. Not every company may pay dividends. Dividends can change, start and stop at each company's discretion. Dividends can be paid at any frequency.

Bond: It is a financial security through which issuer borrows money from individuals. A bond will have a face value (the amount borrowed and stated on the face of the bond) which is usually $1,000. Bonds will have maturity dates. Bond may pay periodic coupons payments. Anybody can issue a bond. Anybody can trade a bond.

Coupon: A periodic payment that bond issuers pay to bond holders. Not every issue pays coupons. If coupon is included as part of a bond then coupons are required payment. Coupon amount cannot change. Coupons can be paid at any frequency. Once the frequency of the coupon is part of a bond then it cannot be changed.

Preferred stock: A hybrid financial security that contains the characteristics of stocks and bonds. It trades like stocks and priced like bonds. While it is called a stock, preferred stock holders do not usually have a right to vote. Preferred stocks have face values that are usually $25. They pay dividends (usually referred to as coupons) but they can stop at anytime. Preferred stock value depends on the dividends. If dividends stop then there is usually no value. Preferred stocks' value does not depend on company performance like common stock value.

Portfolio: An individual combines multiple financial securities (ex. stocks, bonds, etc.) into an account. This is usually referred to as a portfolio. Anybody can have a portfolio. There are no rules as to what can be included into a portfolio. The person who manages the portfolio is usually referred to as portfolio manager.

Mutual fund: It is a portfolio usually managed by a financial company. It is possible for individuals to trade the shares of these portfolios though the persons or the companies who are managing the portfolios. Mutual funds charge commissions to trade and these commissions can be significantly higher than the commissions to trade stocks or bonds. Mutual funds also charge periodic management fees. Anybody can trade mutual funds.

ETF: ETF stands for exchange traded funds. They are mutual funds that are traded in stock markets. They trade like stocks. ETFs may pay dividends. ETFs charge periodic management fees. Anybody can trade ETFs.

Option: It is a financial security through which the writer promises to buy (sell) an underlying asset from (to) the buyer of the option. For the buyer, an option provides the right to buy or sell but not the obligation. For the writer, an option is an obligation. Options have maturity dates. Anybody can write an option. Anybody can trade an option.

Bull: A bull (or bullish) expectation is to expect the underlying financial asset to increase in value.

Bear: A bear (or bearish) expectation is to expect the underlying financial asset to decrease in value.

Long: A long position is **to own** a financial security. A long position is to buy a financial security. If the price go up then the long position will realize a profit. If the price go down then the long position will realize a loss. There is unlimited profit potential. The loss is limited to the entire position value.

Short: A short position is **to owe** a financial security. A short position is to borrow a financial security and sell it. This borrowed position needs to be closed in the near future. Thus, the trader needs to buy back the shares and close the borrowed position. If the price go down then the short position will realize a profit. If the price go up then the short position will realize a loss. The profit is limited to the stock price. There is unlimited loss potential. Through a short position, an individual can potentially lose significantly more than the entire position value .