Digital Asset Sisters

Cryptocurrency Terminology

Accredited Investor

An investor who has a net worth of over $1 million and/or an annual salary over $200,000-300,000.

Address

A unique, alphanumeric identifier used as a destination for transferring cryptocurrencies.
EX: hggyislkpoimchtsyjdhbvdloep

Airdrop

An event in which individuals that hold existing cryptocurrencies (like XRP) are given tokens of a new cryptocurrency (Spark).

Algorithm

A process for solving a mathematical problem. In blockchains consensus algorithms are used to verify transactions.

Altcoin

Alternative Coin. Bitcoin is known as the first and foremost cryptocurrency, so any cryptocurrency that is not Bitcoin is an altcoin.

AML

Anti-Money Laundering. AML laws and restrictions require exchanges to obtain personal information about their customers and their activities.

ATH

All-Time High. The highest price a cryptocurrency has ever reached.

ATL

All-Time Low. The lowest price a cryptocurrency has ever reached.

APR

APR stands for Annual Percentage Rate. It's the interest rate charged during a whole year. For example: borrowing $1,000 at 10% APR means at the end of the year you'll pay back $1,100. The extra $100 may be split into 12 payments, once per month, if that is how the creditor asks for them.

Bank run

A bank run occurs when many clients withdraw their money from a bank at the same time, because they believe the bank may cease to function in the near future. Banks do not hold everyone's money at once, they lend it out. So if everyone tries to get their money at the same time, they can't.

Bitcoin

The first blockchain-based cryptocurrency, launched in 2009. Bitcoin remains the most influential and widely recognized coin. All other cryptocurrencies are known as "altcoins," simply because they are not Bitcoin.

Bearish

Pessimistic about the future of a cryptocurrency's price.

Bear Market

 A bear market is when a market experiences prolonged price declines. It typically describes a condition in which securities prices fall 20% or more from recent highs amid widespread pessimism and negative investor sentiment.

Block

A segment of data recorded on the blockchain that can contain transactions and other information.

Blockchain

A digital, distributed ledger which contains data for all the transactions that have ever taken place using a given cryptocurrency.

Bull Trap

A short rise in a cryptocurrency's price that makes investors think the price will continue to rise. Instead, the price falls significantly following the rise, fooling the "bulls."

Bullish

Optimistic about the future of a cryptocurrency's price.

Bull Market

A market in which most (or all) prices are rising.

CBDC

Central Bank Digital Currency

Centralized

Controlled by one group or within one certain area.
Ex: Central Banks - Bank of America, JP Morgan

Circulating Supply

The volume of coins being held and spent at a given time for a given cryptocurrency.

Coinbase (Exchange)

The first exchange that allowed individuals to buy and sell cryptocurrencies.

Cold Storage

In the cryptocurrency sphere this term refers to storing cryptocurrency in a location that is offline and thus inaccessible by anyone on the internet.

Cold Wallet

An offline wallet for holding cryptocurrencies. Considered more secure than hot wallets.

Consensus

A general agreement among participants using and mining a cryptocurrency.

Cryptocurrency

Digital currency that uses cryptography. Bitcoin & Altcoins are all types of cryptocurrency.

Cryptography

Code making, breaking and studying.

Crypto Address

This is automatically generated by wallet software or by an address generation program. It is a string of digits in a specific format that is recognized by the cryptocurrency's network and is used to receive transactions. Your wallet address can be shared publicly so people know where to send you funds. Think of this as your blockchain "bank account".

DEX

Decentralized exchange. A platform (which isn't controlled by any single authority) that allows users to buy and sell cryptocurrencies. Also known as a protocol that facilitates the trade of assets without a central counterparty. Decentralized exchange can also be used to describe a peer-to-peer transaction (P2P).

Decentralization

the dispersion or distribution of functions and powers: the delegation of power from a central authority to regional and local authorities.

De-Fi (Decentralized Finance)

Uses cryptocurrency and blockchain technology to manage financial transactions. DeFi aims to democratize finance by replacing legacy, centralized institutions with peer-to-peer relationships that can provide a full spectrum of financial services, from everyday banking, loans and mortgages, to complicated contractual relationships and asset trading.

Dumping

When large quantities of a particular cryptocurrency are sold in a small time frame by multiple asset holders.

Distributed ledger

In traditional finance, an organization such as a bank holds a ledger of all its customers' transactions. Distributed ledges use nodes, or independent computers, to record, share, synchronize transactions on the electronic ledger. A blockchain is a type of distributed ledger.

DAO

Decentralized Autonomous Organization. An organization governed by smart contracts founded to allocate funds to cryptocurrency projects.

Exchange

Online platforms on which individuals can buy and sell cryptocurrencies.

ERC20 Token

A token issued on the Ethereum platform.

ETF

Exchange Traded Fund. A group of assets that can be bought or sold as a single asset

Escrow

A third party used to facilitate transactions and increase security.

Fungibility

The idea that all units in a money supply are exactly equal. Fungibility is considered to be an essential aspect of effective currencies by many economists.

FUD

Fear Uncertainty and Doubt. The emotional (rather than logical) belief that cryptocurrency prices will fall.

Fintech

Financial technology (Fintech) is used to describe new technologies that seek to improve the use and delivery of financial services.

Fiat

Paper money issued by governments as default currency. The US Dollar, Japanese Yen, Chinese Yuan, and Euro are all fiat currencies.

- **Fiat Off-Ramp:** A way of moving crypto into fiat.
- **Fiat On-Ramp:** A way of moving fiat into crypto.

Gas

A fee which must be paid to execute network transactions.

Hot Wallet: A hot wallet is a cryptocurrency wallet that is always connected to the internet and cryptocurrency network. Hot wallets are used to send and receive cryptocurrency, and they allow you to view how many tokens you have available to use.

IoT

Internet of Things. The system that will digitally connect physical objects, making them identifiable and trackable online.
Impermanent Loss: Impermanent loss can be defined as the opportunity cost of participating in a liquidity pool versus having just held the assets in the user's wallet. It is important to note that these are only paper losses and are not realized until the user actually removes their assets from a liquidity pool. Impermanent loss only occurs if the price ratio between the assets staked in a liquidity pool changes.

Immutable Ledger

The term used to refer to blockchains to describe the way in which blocks cannot be changed after they are recorded.

IP Address

Internet Protocol Address. A series of numbers and periods used to identify computers communicating through a network.

KYC

Know Your Customer. Information gathered by cryptocurrency exchanges in compliance with AML (Anti Money Laundering) laws.

Limit Order

A set price the buyer wants to buy at. The order will get filled (transact) if the market reaches that price or a seller is willing to sell at that price.

Liquidity

The measure of how quickly an asset can be exchanged for usable currency.

Liquidity Pool (LP)

A reservoir of funds, equally funded by two tokens added to the pool, to facilitate trades on the pair of tokens and which usually generates a profit per day based on the total investment and divided by the number of investors in that pool.

Market cap

The total value of all the coins that have been mined. It's calculated by multiplying the number of coins in circulation by the current market price of a single coin.

Market Order

A pre-planned trade set to execute if a cryptocurrency reaches a certain price.

Metaverse

A digital reality with real-time interactions, economies and other aspects of the "real world".

Mining

The term given to the process of generating new Cryptocurrencies. For solving complex mathematical puzzles in order to verify and validate transactions within a cryptocurrency network, miners receive rewards.

NFT

Non Fungible Token. Cryptocurrencies with a non-interchangeable unit of data. Each token is uniquely identifiable and the data stored on the blockchain may be digital files such as photos, videos and audio.

Passphrase

Similar to a password but often longer. Where a password is generally a single word -- a passphrase can be a combination of words.

Paper Wallet

A physical piece of paper containing a private key, a public key, and often corresponding QR codes.

P2P

Peer-to-Peer. Refers to networks in which individuals connect to each other rather than a central authority.

Phishing Attack

A social attack in which a malicious individual masquerades as a trustworthy person in an attempt to fool the victim into giving up personal information (like passwords).

Private Key

A string of numbers and/or letters that are required to access your wallet. Sometimes given as private 12-word sequences (See Mnemonic Phrase). Guard them with your life, should they be lost or stolen, so is your money! Sometimes aka Seed Phrase.

Proof of Stake

PoS. A method of minting new coins and securing a platform by allowing users to stake their coins and receive more coins as a reward. Introduced as an energy efficient alternative to PoW (Proof of Work).

Proof of work

Type of consensus algorithm where a significant amount of computing power is used to solve mathematical functions that maintain and secure the blockchain.

.Public Key

An address that individuals share with others to receive cryptocurrency.
Ex: Like your venmo name

Pump

A rapid rise in a cryptocurrency's price

Pump and Dump

Occurs when a cryptocurrency's price shoots up and then quickly crashes. Pump and dumps are often coordinated manipulations of the market by groups of individuals for profit.

Remittance

Transfer of currency across a large distance, usually across borders.

Stable coin

 A Cryptocurrency whose value does not fluctuate much. It is supposed to be pegged to a stable asset or currency, so it reduces volatility.

Staking

A system of investing your tokens for a period of time to receive rewards.

Self-custody

Self-custody means only you hold and have access to your digital assets. This means that you choose not to use a third party, and will manage your private key yourself.

Smart Contracts

Agreements between two parties that self-execute when their terms are met and automatically cancel when their terms are not met.

Transaction fee

A small fee given to miners involved in successful approving transactions. These differ depending on the network you use.

Whale

A very wealthy individual/government capable of making large trades.

White Paper

A technical document that outlines a project's features, technology, and vision.