

Financial Product

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Discussion

A Financial Product defines financial characteristics, terms, rights, obligations or services that a party may offer, acquire, enter into or trade.

Financial Products include financial instruments, deposit products, lending products, insurance products, investment products, payment products and foreign-exchange products. A Financial Product may take the form of a standardized product, a configurable product template or a product whose terms the parties negotiate for a particular transaction.

A Financial Product describes what a party offers, acquires or trades. A trade records an agreement or execution involving the product. A Contract establishes the rights and obligations resulting from that agreement.

Definition

product comprising financial terms, rights, obligations or services that a party may offer, acquire, enter into or trade

Source

- [Financial Industry Business Ontology \(FIBO\), Financial Product](#)
- DIDO Solutions, Inc.

Note

A Financial Product is not the same as an offer, trade, Contract, or position.

An offer describes the conditions under which a party makes a Financial Product available. A trade records an agreement or execution involving the product. A Contract establishes the resulting rights and obligations. A position represents a party's financial interest or exposure resulting from one or more Contracts or transactions.

A Financial Instrument is a kind of Financial Product represented through contractual financial rights and obligations. Not every Financial Product is necessarily a Financial Instrument.

A Financial Product may have several classifications assigned under different business, regulatory or reporting schemes.

Example

An FX swap is a Financial Product whose terms require an initial exchange of currencies through a Near Leg and a later reversing exchange through a Far Leg. An FX Trade records the counterparties' execution of that product. The resulting Contract establishes their rights and obligations.

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Last update: **2026/10/05 18:45**

