

Download File PDF Understanding Capital And Share Market

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Cool! I'am really happy

#Markus Jensen



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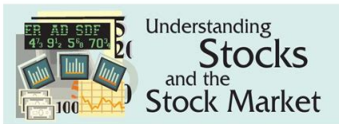
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#Diego Butler



so many fake sites. this is the first one which worked! Many thanks

FE-405



Stock Classification

Stock is ownership in a company, with each share of stock representing a tiny piece of ownership. The more shares you own, the more of the company you own, and the more dividends you earn when the company makes a profit. In the financial world, ownership is called equity.

Stocks are in two primary classes. The one you choose depends on what you want from a stock. **Preferred stock** typically pays regular dividends, and investors who want income foremost from their stocks favor it. **Common stock** represents ownership of a company and may offer more rights and privileges than preferred stock.

Issuing Stock

Businesses issue stock to raise money. They use this money to finance expansions, pay for equipment and fund projects, etc. Corporations issue stock when they may need additional capital to operate successfully.

The fancy term for issuing stock to raise money is **equity financing**. The money received from investors who buy stocks is called **equity capital**. In the world of securities, the word "equity" usually refers to stocks. The other method of raising money is **debt financing**, which involves selling bonds. When companies make profits, they may reward their stockholders with pieces of their profits, known as **dividends**. Dividends are an incentive for investors to hold stocks.

Now that you know the why of buying stocks, you will need to know the where.

The Stock Market and Stock Exchanges

Investors may purchase stock on the primary or secondary market. A company sells its stock to the public on the primary market through its initial public offering. The **primary market** is the market in which investors have the first opportunity to buy a newly issued security. Investors may sell their shares through brokers to other investors on the secondary market. The **secondary market** can be structured as an auction market, such as the New York Stock



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