

Understanding Stock Market Basics

Stock Market Basics

Helps businesses raise capital for growth

Exchanges have specific rules for trading and company listings

Stocks traded on exchanges like NYSE, NASDAQ

Marketplace for buying and selling company shares

Enables individuals to invest and earn returns

Bull Market – Period of rising stock prices

Bear Market – Period of falling stock prices

IPO (Initial Public Offering) – When a company first sells shares to the public

Market Cap (Market Capitalization) – Total Value of a company's shares

Dividends – Payments from companies to shareholders

Stock Indices
(e.g., Dow Jones, S&P 500) – Measure overall market performance

Key Players in the Stock Market

- **Investors** – Buy stocks for long-term financial returns
- **Traders** – Buy and sell stocks frequently for short-term gains
- **Brokers** – Intermediaries who facilitate buying and selling stocks
- **Market Makers** – Provide liquidity by buying and selling stocks
- **Regulators (e.g., SEC)** – Ensure market fairness and prevent fraud

Market Mechanisms

Market Orders – Executed immediately at current prices

Limit Orders – Executed only at a specified price or better

How to Invest Safely

- Conduct Thorough Due Diligence.
(SEC's [Investment Adviser Public Disclosure \(IAPD\) website](#) or [FINRA's BrokerCheck](#))
- Set Realistic Expectations.
- Consult Trusted Advisors.
- Beware of Pressure Tactics.
- Use Reputable Investment Platforms.