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# Important terms used in the stock market:

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كلية التجارة

— جامعة مدينة السادات —

### 1) Accrued Interest:

Accrued interest on bonds is calculated as follows:  $(\text{Face value of the bond} \times \text{Yield on the bond} \times \text{Actual number of days from the last coupon payment date to the settlement date}) / 365$ .

### 2) Capital Gains:

Capital gains refer to the profit obtained from the difference in the buying and selling prices of securities.

### 3) Treasury Shares:

These are the shares that the issuing company repurchases from the market through the stock exchange. Treasury shares do not have the right to receive dividends or voting rights during the company's ownership period.

### 4) Technical Analysis:

It is the study of the movement of stock prices, trading volume, and past market trends to predict future price trends and the level of supply and demand.

### Dividends:

Dividends are the profits declared by the company's board of directors. They are distributed in proportion to the shares and are linked to the company's profitability and available cash liquidity , The Board of Directors decides not to distribute profits and reinvest them in expansion projects or purchase other assets

### The Broker

is a mediator in the buying and selling of securities. The broker receives a brokerage fee in return for his services.

### Government Bonds

are bonds issued by the government for public spending.

## Primary Market

Also known as the issuance market, it is the system followed by finance companies to finance their projects by issuing shares for the first time to investors

## Secondary Market

is the market for trading securities between different sellers and buyers. The returns from buying and selling operations go to various sellers and buyers, not to the issuing company as in primary market operations.

### **Holding Company**

is the parent company that owns the majority of the shares of subsidiary companies, which gives it the right to vote and control.

### **Return on Assets :**

is the net profit after tax divided by the total assets of the company.

### **Return on coupons**

is the distributed profit or coupon per share divided by the market price of the share

### **Return on equity**

is the net profit after tax divided by the total equity Ownership

### Supply

is the price offered in the market for each security, it is the price at which the holder of the security wishes to sell, and it is the opposite of the bid price, which is the price the investor wishes to pay to buy a security

### The face value of the bond

is the amount or face value of the bond that the issuer will pay the bondholder on the maturity date.

### The face value

is represented by the value recorded on the security

### Book value

is an accounting term, and the book value is determined through the company's records as follows:  
$$\frac{(\text{Total Asset Value} - \text{Total Liabilities})}{\text{Number of common shares}}$$



**Institutional Investors:** These are institutions such as pension funds, insurance companies, investment funds, investment banks, etc. Their main purpose is to invest their own funds or funds held by others in various investments.

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**The Index:** The index is a numerical value that measures changes in financial markets. It represents the percentage change at a certain point in time compared to a baseline value or starting point. The index measures the movements of stock prices, bonds, funds, etc., both up and down, reflecting the market price and its direction. As for the stock index, it is a benchmark for measuring the overall stock market and also for measuring the performance of a specific stock relative to the market as a whole

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**Investment Bank:** An investment bank acts as an underwriter and guarantor of subscriptions, serving as an intermediary between investors and companies that want to issue securities to investors or institutional investors.

**Over-the-counter Trading (OTC):** OTC trading refers to the trading of unlisted securities. The OTC market is divided into the order market and the ownership transfer market

**Rights Issue:** In the event that a company increases its capital and issues new shares, the company gives existing shareholders the right to purchase the additional shares first before they are offered to other investors. The sale of shares to existing shareholders is based on the ownership percentage of each shareholder and usually at a price lower than the market price. If existing shareholders do not participate in the rights issue, the company may sell the shares to another investor



**Closing Price:** The closing price is the weighted average of the daily trading prices of a financial instrument traded on the Cairo and Alexandria Stock Exchanges. It equals the total trading value of the instrument divided by the total daily trading volume of the same financial instrument. To change the closing price of the previous day's stocks, trading on one hundred or more shares must take place.

**Property Rights:** They refer to the ownership rights of individuals or entities over certain properties, assets, or securities.

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**Buy and Sell price** refer to the highest price demanded in the market to buy a financial instrument at a given time, while the Sell price is the lowest price offered in the market to sell a financial instrument at a given time.

**The current market price** is the last price at which a financial instrument was traded on the stock exchange.

**Settlement** refers to the transfer of balances (securities balances) from the seller to the buyer, as well as the financial settlement of the seller's broker and buyer's broker. In the Egyptian market, settlement for physical securities takes place on day 74 and on T3 for securities deposited in the Central Depository System, and on T2 for stocks with no price limits.

**International Securities Identification Number (ISIN)** is an international code used to uniquely identify financial instruments In the stock exchange, it is a unique international code.

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**CASE 30 Index** is a price index issued by both the Cairo and Alexandria Stock Exchanges. It includes the top thirty companies in terms of liquidity and activity. The value of the index is measured by calculating the market capitalization, adjusted for the free float ratio of the stocks that make up the index. Market capitalization is calculated as follows: the number of listed shares multiplied by the closing prices of shares of each of the companies that make up the index, multiplied by the free float ratio.

**Investment portfolio** is a collection of various financial instruments owned by individuals or institutions.

**P/E ratio (Price-to-Earnings ratio)** is a measure used to compare the level of stock prices, calculated by dividing the stock's closing price by its earnings.

**Ownership transfer** takes place in two stages. The first stage involves the delivery of stock certificates or stocks in the central depository from the selling broker to the buying broker at settlement, and ownership transfer takes place after several days. The second stage involves registering the new stockholders in the company's records.