SECURITIES

SECURITIES:

Shares, bonds, scripts, stock, debentures or other marketable securities of a like nature in or of an incorporated company or other body corporate.

Or

Are investments that allow you to own things without physically holding on them

SECURITIES IN WHICH ONE CAN INVEST

* Shares
* Bonds
* Government securities
* Derivative products
* Units of mutual funds

WHY?

* To build a healthy portfolio
* **Risk of natural disasters and other threats**
* Cost

TYPES:

Stocks, bonds , Government

Mutual funds, bonds,

Certificate of Private

Deposits shares

🡹 🡹

Marketable 🡺 Investments or debts 🡸 Non marketable

🡻 🡻

Easily bought Difficult to buy

And sold in public and sell

Markets

MARKETABLE:

1. Equity – provide partial ownership on investment
2. Debt – represent obligation for repayment

WHY?

How many billionaires do you know by investing in savings!!!

NON MARKETABLE:

They do not trade on traditional market and are sometimes non transferable

WHY?

They make great gifts since they can easily be purchased for others

REGULATORS

A financial regulator is an institution that supervisor and controls a financial system

WHY?

The role of regulators is important in the absence of perfect competition

WHO?

DEA (Department of Economic Affairs)

DCA (Department of Company Affairs)

RBI (Reserve Bank of India)

SEBI (Securities and Exchange Board of India)

SEBI:

* It is a regulatory authority established under section 3 of SEBI Act, 1992
* Protects the interest of investors in securities
* Promoting the development of security markets
* Regulates security markets

Powers:

* Regulating the business in stock exchange and any other security markets
* Registering and regulating the working of stock brokers, sub brokers etc.,
* Promoting and regulating self-regulatory organisations
* Prohibiting fraudulent and unfair trade practices

PARTICIPANTS:

* Issuer
* Investors
* Intermediaries

Corporates and governments raise resources from securities

Households invest their savings

Intermediary is important

FUNCTIONS OF SECURITY MARKETS:

It is a place where buyers and sellers of securities can enter into transactions to purchase and sell shares, bonds etc.,

Corporates, entrepreneurs can raise resources for their companies and business ventures through public issues

TYPES OF SECURITY MARKETS:

|  |  |
| --- | --- |
| PRIMARY | SECONDARY |
| In this investors can directly buy securities from a company , when it floats new bonds or stocks | Trade securities which are already listed  No direct cash flow |
| Companies growing rapidly opt for this |  |
| Investment banks act as intermediary | Stock brokers |
| Securities are offered directly | Securities are traded |
| Fixed price | Price can be influenced by demand and supply |
|  |  |

CONCLUSION

Securities markets comprise financial securities like shares, bonds and debentures, mutual fund units, Government securities, derivatives. The securities markets is a means for buying and selling financial markets through intermediaries. It is regulated by the Department of Company Affairs, the Department of Economic Affairs, SEBI and RBI. SEBI is the apex regulator responsible for primary regulation of securities markets. Securities markets consist of primary markets - being market of first issue and secondary markets – being trading in listed securities.