

## Week-5 Capital Market assignments:-

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### 1. Primary market nature:-

The primary market is a type of financial market where new securities are issued for the first time, allowing companies to raise capital from investors.

The primary market is characterized by the following nature:-

1. new issue market - Securities are issued for the first time, and investors buy them directly from the issuer.

### 2. Capital formation:-

Companies raise capital to finance their business activities, expansion or modernization.

### 3. Long-term funding:-

primary market instruments, such as stocks and bonds, provide long-term.

### 4. No secondary trading:-

Securities are not traded among investors in the primary market.

### 5. Price discovery:-

The price of new securities is determined through various methods, such as book-building or auction.

### 6. Regulatory oversight

primary market transactions are regulated by securities market regulators, such as SEBI in India.



## 2. Primary Market functions:

The primary market performs the following functions:-

### \* Mobilization of savings:-

Channels savings into productive investments.

### \* Allocation of resources:-

Allocates resources to various sectors and industries.

### \* Risk assessment:-

Assesses and manages risk through various instruments.

### \* Price discovery:-

Determines the price of new securities.

### \* Liquidity provision:-

Provides liquidity to investors.



### 3. primary market intermediaries:

Intermediaries in the primary market include:

#### \* Investment bank

Assist companies in issuing securities, underwriting and advising on pricing -

#### \* Merchant banks

Provide advisory services, underwriting, and loan syndication.

#### \* Stock exchanges:-

Facilitate listing and trading of new securities.

#### \* Registrar and transfer agents:-

Handle documentation, registration, and transfer of securities.

#### \* Underwriters:-

Guarantee the sale of new securities to investors.

#### \* Credit Rating agency:-

Assess the creditworthiness of issuers.

5.5.2