
UNIVERSITY OF THE PEOPLE

BUS 2203-01 PRINCIPLES OF FINANCE 1 - AY2024-T2

WRITTEN ASSIGNMENT UNIT 1

INSTRUCTOR: IBRAHIM KABIR

Product Offerings

Companies often provide various product offerings to meet the diverse needs of their target markets. The three main types of product offerings are core products, actual products, and augmented products.

The New York Stock Exchange (NYSE) provides a variety of products and services to both individual and institutional investors beyond just stock trading. Here are three other key product offerings on their website [nyse.com](https://www.nyse.com):

First, they offer options trading. Options give investors the right, but not the obligation, to buy or sell an underlying asset at a pre-set "strike" price on or before the options' expiration date. For example, an investor can buy a call option on Apple stock that gives them the option to buy 100 shares of Apple at \$150 per share anytime in the next 3 months. Options help investors hedge risk or speculate on price moves. "Options trading can be used for both hedging and speculation, with strategies ranging from simple to complex" (Chen, 2023). The NYSE offers an electronic options trading platform with real-time quotes and execution.

Second, they provide futures contracts trading. Futures are agreements to buy or sell some underlying commodity or financial instrument at a specified price on a future predetermined date. "A futures market is an exchange where futures contracts are traded by participants who are interested in buying or selling these derivatives" (Chen, 2022). For instance, an oil producer can sell an oil futures contract today to lock in the price they will sell their oil for in 6 months. This protects them from adverse price drops. The NYSE offers futures on indices like the Dow Jones as well as commodities like gold. The futures exchange is fully electronic allowing global access to futures pricing and execution.

Third, NYSE enables trading in exchange-traded funds (ETFs). ETFs are mutual funds that track market indexes or sectors and trade on exchanges like stocks. For example, the SPY ETF mimics the S&P 500, giving investors diversified exposure to the overall US stock market. With ETFs, investors can gain exposure to market sectors, styles, or geographies by purchasing a single security on the NYSE. ETF trading costs are low compared to traditional mutual funds. “Mutual funds give small or individual investors access to diversified, professionally managed portfolios” (Hayes, 2023). The NYSE offers efficient trading, clearing, and settlement processes for the hundreds of ETFs listed.

Conclusion

The New York Stock Exchange offers more than just traditional stock trading. It provides investors access to derivatives like options and futures that allow for strategic trades and hedging. Through exchange-traded funds (ETFs), the NYSE also enables easy access to index funds, giving investors broad market exposure. With its electronic trading systems, integrated clearing services, and suite of diverse products, the NYSE equips both individual and institutional investors with the tools needed to implement sophisticated strategies. The exchange's liquidity and transparency further promote efficient price discovery and order execution. For these reasons, the NYSE remains an attractive marketplace for investors looking to go beyond basic stock trading and execute advanced trades to meet their financial objectives. The NYSE maintains high standards for listing, requiring companies to meet stringent financial, governance and disclosure requirements. This boosts investor confidence in the quality of listed securities. The NYSE's market model balances auction-based trading with designated market makers, promoting stability in periods of volatility. With its global visibility and prestige as the world's largest equities exchange, a NYSE listing is also seen as prestigious and can improve a company's reputation. The NYSE's integrated technology

framework, robust market oversight and emphasis on transparency make it a reliable environment for equity transactions. Its comprehensive offering cements its role as a premier global exchange for varied investors executing complex equity trading strategies and access diverse products.

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