

Lecture 3

What is a Stock?

Stock: A type of security that signifies ownership in a corporation and represents a claim on part of the corporation's assets and earnings.

Synonyms Shares, Equity.

Why do Corporations issue stocks?

Why would someone buy this stock?

How and where can you buy a stock? It depends if the company for which you want to buy that stock is a private or public company.

Private company: A company owned by a relatively small number of shareholders and which does not offer its company's shares to the public on the stock market. The company's stock is only traded or exchanged privately.

Public company: A company whose ownership is dispersed among the general public and their shares freely traded on the stock market.

In the case of a privately held company, you would have to meet with the owner of that company for him to sell you their stock. In the case of a public company you can just buy the shares on the stock market through your phone.
