HMRC - STSM123010 - What Is An Exchange?

An exchange is a marketplace on which stocks and shares, and options and futures on stocks, bonds and commodities etc. are traded.

Types of exchanges

Most exchanges specialise in a particular type of security, for example:

Equities and debt instruments

Derivatives, e.g. options, futures, swaps

Commodities, e.g. oil, precious metals, grains

An exchange provides:

liquidity in the market, allowing the trading of securities

access for investors centrally to a wide range of securities

integrity to the financial markets (due to their regulation)

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