

The Stock Exchange Corner

Glossary of Terms used in the Securities Industry - continued

by George Edwards

Last week, we gave you some of the terms used in the securities industry. This week, we continue in the same vein and list another set terms and their meanings.

GLOSSARY - continued

Person

In laws and regulations, and in this Glossary, "person" means both a natural human being and a legal person such as a company

Par value

A nominal value which may be assigned to shares in a company's balance sheet; it has no connexion with the market price or the asset value and companies may assign no par value to their shares

Price Earnings Ratio

The market price of a share divided by the earnings per share

Public company

A company any of whose issued shares or debentures are or were part of a distribution or an offer to the public, or, which has issued a security that is beneficially owned by more than fifty persons.

Rights issue

An issue of new stock to which existing stockholders have first choice (called "pre-emptive right")

Scrip issue

A capitalisation issue

Securities

A very general word for financial instruments going beyond stocks and shares [Full definition in Securities Industry Act (SIA) s.3(2)(t)]

Securities Company

A company which carries on a business of trading in securities on behalf of others and includes a broker, a dealer, an underwriter, an investment adviser, or

a combination of these. [SIA abbreviated]

Securities Exchange

A stock exchange

Securities intermediary

A natural person who carries on the business of acting as a broker, a dealer, a trader, an underwriter, an investment adviser or a combination of these. [SIA abbreviated]

Self-regulating organisation

An association of securities companies and intermediaries, a clearing agency or a securities exchange. [SIA]

Service registrar

UK term for "Transfer Agent" - see below.

Settlement Day

The day upon which a trade is settled and the contractual obligations between the buyer and seller in respect of the trade are discharged.

Settlement period

The time between trade date and settlement date: the international standard is three days.

Share

Fractional ownership of a company, entitling the holder to vote at general meetings, to receive dividends approved at general meeting, to participate in distribution of capital, and to participate in liquidation.

Share split

An increase in the number of shares by subdivision; the effect is the same as a capitalisation issue.

Single Price Auction

A trading system which processes a large number of buying and selling orders simultaneously to generate the single price at which the greatest volume of orders can be matched.

SRO

See Self-Regulating Organisation

Stock

A general word for a financial instrument issued by the company, whether evidence of a debt (a bond), or of ownership (a share)

Trade

(i) US term for a stock market transaction. It is a contractual agreement between buyer and seller to transfer ownership of a specified number of shares or quantity of stock for a specified payment on "settlement day".

(ii) A general term in the SIA (3)(2)(z) applying to transactions in general and to activities in furtherance of transactions.

Transfer

The process by which ownership of stocks and shares is transferred from seller to buyer; in Guyana full legal ownership is transferred when seller and buyer have signed a transfer form.

Transfer agent

US term for Service Registrar, that is a company that maintains shareholder registers on behalf of issuers

Yield

The income received from a security as dividend or as interest expressed as a percentage of the market price of the security. The yield on a share which had a market value of \$10 and received a dividend of \$1 per year would be 10%

Next week: Listing

N.B. – More information may be accessed on our website: www.gasci.com