

New york stock exchange



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Whenever there is a talk about the world of stock markets, the first two names come to mind at once: NASDAQ and NYSE. These are the ones considered to be the most principal stock markets in North America and worldwide.

New York Stock Exchange, or simply NYSE, is one of the oldest stock markets in the USA and is by far the largest one. It lists shares of the companies with substantial finance history. Most of them are the leaders of the American economy, associated with so called “ old economy” sector. Almost everyone is familiar with the names of such giants as Ford Motors, McDonalds, General Electric etc. The most famous index used within the system is Dow Jones Industrial Average that includes 30 shares of first-rate companies from the NYSE’s listing. Most of the companies on this stock market are well established and have been around for a long time.

NASDAQ is the second-largest stock exchange and specializes in the shares of high-tech companies involved with producing electronics and software. The owner of the stock exchange is the American company NASDAQ OMX Group. Apart from NASDAQ, the company also owns eight European stock markets.

Today more than 3200 companies around the world trade shares on it.

The difference between the two stocks might not be too obvious from the first glance. However, it is quite substantial.

NASDAQ's business is conducted on a telecommunications network and is not a physical entity. The procedures of concluding deals are completely automated and the orders are processed by the electronic system.

In NYSE, on the other hand, deals are handled manually and the speed of its processing entirely depends on a specialist handling it. This is also the reason, why the New-York stock market is considered to be unhurried and more stable. And this is where methods of technical analysis make the best use.

If a sufficient imbalance between supply and demand takes place, the NYSE specialist reserves the right to take part in bidding and use the reserve stock of shares he works with.

It should be mentioned, that in NYSE, all trades take a place at a physical place on the trading floor of a company.

In the NASDAQ, the role of a specialist is held by a market maker, whose job is to form prices and provide liquidity. Among the market makers there are such famous financial institutions as Goldman Sachs, Solomon Brothers, Merrill Lynch etc.

The most fundamental difference between the NASDAQ and NYSE lies in the way security on exchanges is transacted between sellers and buyers. Rather than an auction market, NASDAQ is a dealer market and a platform for thousands of computers, communicating with each other within common network. The participants of the market don't sell to or buy from one another directly, but operate through a dealer - a market maker.

NYSE, on the other hand, is an auction market. Within a process of concluding buying-selling deals the auction takes place.

That fact is worth mentioning, that prior to March 8, 2006 the NYSE exchange was listed as a private-traded corporation, when the NASDAQ remained public. Thus, before this date, one of the major differences between the two stocks was their type of ownership. In March 2006, after more than two hundred years of its foundation, the NYSE finally went public and the difference between the two stock markets decreased.

Both NASDAQ and NYSE markets remain the most profitable and trusted platform for shareholders and traders in North America. And judging from its differences, one should decide which market to use as a ground for his business.