

Individual project 2

Business



NYSE & NASDAQ (Similarity) There is very little similarity between both the exchanges. The major similarity between NYSE and NASDAQ is that they are the two largest stock markets in the world. NYSE is the world's largest stock market based on the overall market capitalization. Another major similarity is that both are the largest stock exchanges hailing from the same city, New York.

NYSE & NASDAQ (Differences)

NYSE & NASDAQ differs mainly on its trading platform. NYSE follows the trading system that is composed of physical environment, investors, and brokers. Transactions happen at the premises of NYSE trading floor. On the other hand, NASDAQ is highly automated in operations. Trading at NASDAQ happens in the invisible trading system. The second major difference is based on the types of stocks that are traded at each exchange. NASDAQ focuses on high growth IT and Telecommunications industry. Most of the Silicon Valley biggies are actively traded on NASDAQ. Even, IT companies from other countries are listing themselves at NASDAQ through the allowable investment routes. At the same time NYSE focuses on the traditional market consisting of auto, electronic and semiconductors, etc. The charges for listing in NYSE are as high as \$250, 000 while that for NASDAQ is \$150, 000.

NASDAQ is seemed to be a highly volatile market while NYSE is less volatile.

Public Company Accounting and Investor Protection Act

This is also known as the Sarbanes-Oxley Act (SOX). The Sarbanes-Oxley Act may be defined as “ An act passed by U. S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations.” (Investopedia, 2012) The SOX was a result of various well known scams in the early 2000 such as Enron, Tyco and WorldCom. The act <https://assignbuster.com/individual-project-2/>

lays down various rules and guidelines that have to be followed mandatorily by an organization. The act applies to all publicly listed companies and its two main objectives are investor protection and prohibition of misrepresentation of financial data. The administrative authority of the act is the Securities and Exchange Commission (SEC). As per the Act, a business firm should maintain their financial records at least for a period of five years failing which the concerned authority will be subjected to fines and/or imprisonment.

This Act also applies to those companies from other countries that are listed in the US stock markets. The act has brought about changes even to the composition of the board of an organization. Post the act, it is mandatory for all public companies to form an audit committee as part of the board of directors. Companies are also not supposed to employ the same accounting firm for more than five continuous years. SOX have helped to protect the investors' interest to a great extent. Not many accounting scams broke through after this.

References

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