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## Introduction

The NASDAQ is an electronic stock market. It is a computerized financial system that is used in facilitating trade and provision of over 5000 actively traded stock prices. The NASDAQ is used to trade some of the stock that is traded on the NYSE. On the other hand, the NYSE is a stock exchange market that is found in Ney York. It is the largest stock market in terms of equities. There are several differences and similarities between the NASDAQ and NYSE.

## Similarities between NASDAQ and NYSE

The first similarity between NASDAQ and NYSE is that they are both markets where a large amount of stock exchanges occur. They are said to be the largest stock markets in USA. Secondly, they are both public entities. Whereas the NASDAQ has been a public entity since its creation in 1971, the NYSE was privately owned until in 2006 when it became public. Both stock markets charge an annual fee to companies that are listed on the respective markets. For example, NASDAQ charges about $27, 500 while NYSE charges a maximum of $500, 000. Lastly, they have similar operation hours between 9: 30am and 4: 00pm on weekdays.

## Differences between NASDAQ and NYSE

However, there are several differences between these two markets. The mode of conducting operations is the most obvious. The NASDAQ employs high technology hence; it is referred to as a high-tech market. The operations occur mainly through telecommunications networks. Clients conduct their business by communicating with the dealers electronically through mails or other means such as telephones. On the other hand, the NYSE has a well-established system of operations. The operations occur mostly when clients visit the dealers in person. The operations take place at the trading floor located in the city of New York.
The NASDAQ is quite different from the NYSE in terms of the handling of transactions. At NASDAQ, the broker handles the business of buying and selling stock by contacting the market maker. Alternatively, this transaction can be done online by simply accessing the NASDAQ website and either buying or selling. On the other hand, the NYSE has a less technical procedure: the broker is simply required to contact specialists on the trading floor. Alternatively, the broker can execute business by entering the transaction into the DOT system. However, brokers using the NYSE must conduct their transactions in person while the NASDAQ ones can do it online.
The other difference arises from the conductors of business these two stock markets. The NYSE is an auction market while the NASDAQ is a dealer market. The auction market is where investors competitively forward asks and bids for the entire market investors to see. The best prices are usually selected for trading stocks. On the other hand, the NASDAQ is a dealer market where the market makers give their asking and bidding prices. The market makers keep inventories of their individual clients, as well as those of other dealers in the market.

## The Public Company Accounting Reform and Investor Protection Act

The Public Company Accounting Reform and Investor Protection Act was passed into law in 2002. It was a federal law intended to govern how corporate financials are reported. This was after there had been several corporate accounting scandals in the country such as WorldCom and Enron. The law was to help reform business practices in the country and expand the criminal penalties for those found guilty of falsifying, destroying, altering or fabricating financial records in the corporate world.

## Conclusion

NASDAQ and NYSE are the largest stock exchange markets in the USA. They facilitate the transfer of equities worth millions of US dollars each week. However, the two markets differ because of the level of technology involved, the manner of transacting and the kind of people involved such as dealers and auctioneers. The Public Company Accounting Reform and Investor Protection Act was passed in 2002 after several accounting scandals involving corporate world. The law was passed to increase the penalties for those found to engage in illegal accounting practices and also curb the practice altogether.

## References

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