International Stock Markets

Wall Street, which got its name from the stockade built by early settlers to protect New York from attacks from the north, was the scene of New York’s first organized stock trading.

Predecessor to US Stock Exchange

• The first stock exchange in America was organized in Philadelphia in 1790.
• But by the time the traders who met every day under the buttonwood tree on Wall Street adopted the name New York Stock Exchange in 1817, New York had become the center of market action.

Now it lends its name to the financial markets in general.
Wall Street and Beyond

- As more and more trading is conducted by telephone and computer, the original stock exchanges that provide centralized facilities for trading, such as the New York Stock Exchange (NYSE) and the American Stock Exchange (AMEX), have come to be known as traditional markets to distinguish them from the newer electronic markets that allow brokers to trade from their offices all over the country.

The Electronic Stock Market

- Unlike traditional exchanges, the Nasdaq Stock Market has no central trading location and no exchange floor.
- Rather, it’s an advanced telecommunications and computer network on which market makers post prices and execute buy and sell orders from brokers around the country.

Over-The-Counter Trading

- Stocks in many small and new companies aren’t listed on either the Nasdaq or a traditional market. Instead, they’re bought and sold over-the-counter (OTC).
- The term originated at a time when U.S. investors actually bought stock over-the-counter at their local broker’s office.
- Today, transactions are handled over the phone or by computer.
NYSE Trading Floor

Floor Brokers

• A floor broker, acting as agent, traditionally executes orders to buy or sell stocks on behalf of a client.
• Sometimes a floor broker may represent his or her firm’s proprietary account.
• “Direct access” to the market through floor-based, registered representatives of NYSE member firms also has become a very important function of NYSE floor brokers.

Trading Posts

• The 17 horseshoe-shaped counters manned by clerks and specialists on the Trading Floor of the NYSE are like stores where individual stocks are bought and sold.
• Each trading post is responsible for over 100 stocks. The actual buying and selling takes place around each post.