

Name _____

Unlocking the World of Stock Exchanges

Open-Ended Response Answer Key

1. Centralized stock exchanges benefit investors by providing a transparent and regulated marketplace for trading. Companies benefit from access to a broader pool of potential investors and increased visibility, which can aid in raising capital.
2. To place an order to buy a specific stock on a stock exchange, I would first contact a broker and provide the stock's name, the quantity I want to purchase, and the price I am willing to pay. The broker would then route the order to the relevant exchange, where it would be matched with a seller's order. Once matched, the trade would be executed, and I would become the owner of the stock.
3. Electronic trading offers advantages such as faster execution, lower costs, and increased accessibility. However, challenges include the potential for technical glitches and reduced human interaction.
4. Stock exchanges play a vital role in maintaining fairness and transparency by enforcing rules that prevent unfair practices. This role is essential to ensure trust in the market, protect investors, and maintain the integrity of the financial system.

