

**Module:** English

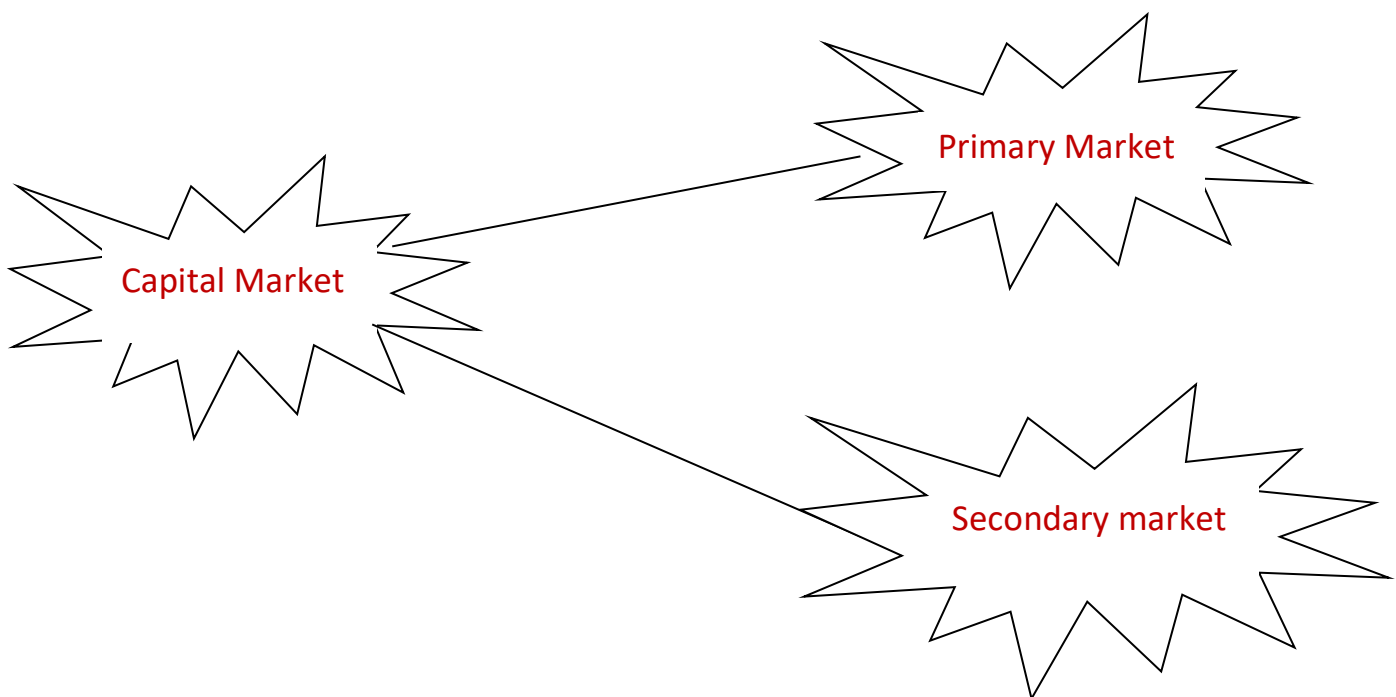
**Branch:** Finance and International Trade

**Level:** master one

### **Lecture: Capital Market**

**1-Definition Capital Market:** Capital market is referred to as a place where saving and investments are done between capital suppliers and those who are in need of capital. It is, therefore, a place where various entities trade different financial instruments.

**2-Types of Capital Market:** there are two types of capital market:



**1- Primary Market:** it is the market for the trading of new securities, for the first time. It embraces both initial public offering and further public offering. In the primary market, the mobilisation of funds takes place through prospectus, right issue and private placement of securities.

**2-Secondary Market:** Secondary Market can be described as the market for old securities, in the sense that securities which are previously issued in the primary market are traded here. The trading takes place between investors that follows the original issue in the primary market. It covers both stock exchange and over-the-counter market.

### **3-Functions of Capital Market:**

- Facilitates trading of security
- Encourage wide range of ownership of productive assets
- Facilitates transaction settlement, as per the definite time schedules
- Offering insurance against market or price risk, through derivative trading
- Quick valuation of financial instruments like shares and debentures.