

Financial Market

Terminology's :-

1	Arbitrage	Arbitrage involves the simultaneous buying and selling of an asset in order to profit from small differences in price. Often, arbitrageurs buy stock on one market (for example, a financial market in the United States like the NYSE) while simultaneously selling the same stock on a different market (such as the London Stock Exchange). In the United States, the stock would be traded in US dollars, while in London, the stock would be traded in pounds.
2	AML	Anti money laundering (AML) refers to a set of procedures, laws and regulations designed to stop the practice of generating income through illegal actions.
3	Ban Period	Ban Period is introduced in order to control open interest in the Market. Exchanges have prescribed a MWPL (Market wide position limit) of every future contract in the Exchanges, If the open Interest of the contract reach 95% of the MWPL limit Ban period will get introduced and when decrease down to 80% of MWPL ban period will lift up.
4	Bonus Share	It is a reward, to the shareholders in the form of addition in number of share. The current shareholders simply receive new shares, for free, and in proportion to their previous share in the company.
5 ✓	Broker	Body which acts as a interface between the client and the financial System and facilitates the proper trading in Financial Products like India Infoline, Sharekhan, Religare, ICICI Direct, Angel Broking
6 ✓	Brokerage	a fee or commission charged by a broker
7 ✓	BTST	Buy today sell tomorrow, is a technique mainly used to take the advantage of the movement in the stock for 1 day, especially when a news/event is awaited to happen on a particular stock.
8 ✓	Bullions	Bullion is gold, silver, or other precious metals in the form of bars or ingots. Typically, bullion is used for trade on a market
9 ✓	Call option	A Call option is a contract between two parties giving the taker (buyer) the right, but not the obligation, to buy a lot of shares .To acquire this right the taker pays a premium to the writer (seller) of the contract
10 ✓	Circuit Breakers	To prevent price manipulation in share prices, exchange introduced Circuit breaker system. In this system daily price band of stocks is pre decided by exchange on the basis of previous day Closing price.

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11	Contract Note	Every investor has a right to get a contract note which is like a bill of your trading for a day which includes the name of the share, quantity, time of trade, brokerage levied, net delivery amount, Taxes etc.
12	Commodity Market	The commodity market is a physical or virtual marketplace for buying, selling and trading raw or primary products.
13	Currency Market	The market in which participants from around the world are able to buy, sell, exchange and speculate on different currencies
14	Dabba Trading	Along with the normal FMC regulated trading on MCX and NCDEX, there are several Off-line traders, wherein an unauthorized broker registers the trade on paper and does not issue a contract note for the trade, all the monetary transactions are done in cash mode, open limit and weekly payoff settlement. There is currently only Future contracts in Commodity Derivatives in India and no options contract for commodity trading.
15	Delivery	A trade where the trader does not square off his trading position the same day
16	Demat a/c	Demat account acts as a warehouse to store shares bought through the trading account of the Client, demat account is an electronic account similar to the bank account the only difference being a demat account is used to store Dematerialized share of a company.
17	Derivatives	Derivatives is an instrument which is derived from some Underlying Asset and its movement depends on the movement of the underlying Asset also known as Spot price
18	Dividend	A profit of the company, which company share it with its shareholder. It is the % given on the Face value of a share.
19	Equity cash	Cash equity is a real estate term that refers to the amount of home value greater than the mortgage balance; it is the cash portion of the equity balance.
20	Exchange	Exchanges provide a facility for traders to exchange (Buy/ Sell) Securities, Commodity derivatives, Currency derivatives via an electronically driven platform. They act as a mediator between buyers and sellers
21	Executed Order	trade confirmed, cannot cancel or modify, need to square-off.
22	Expiry	Expiry date is the date, as the name suggests, on which a particular contract (usually a derivative contract) expires. Every derivative contract, which is based on an underlying security such as a stock, commodity, or a currency, has an expiry date. A Future and option contract ends on every Thursday its expiry date.
23	Financial Market	Financial market like any other market is a system, where trading in financial instruments takes place. This system is now completely automated through electronic

		objective of entering in Financial Market.
24	FMC	Forward Markets Commission along with SEBI regulates Commodity Derivatives in India
25	Forward contract ✓	it is the simplest mode of a derivative transaction. It is a face to face agreement to buy or sell an asset (of a specified quantity) at a certain future time for a certain price.
26	Future Contract ✓	A future contract is an agreement between two parties to buy or sell an asset at a certain time in the future at a certain price.
27	Gap Down Opening ✓	If the Opening price of a Stock/ Index is less than the previous Day's closing prices.
28	Gap up opening ✓	If the Opening price of a Stock/Index is more than the previous Day's closing prices.
29	Hedging	Hedging reduce risk by taking an opposite position in the market to what it is trying to hedge.
30	Index ✓	Index is composite Structure which represents the broader view of Stock market. It is calculated on the weight age of Selected Stocks . NSE - Index is Nifty 50 ,comprises of 50 companies from 23 different sectors. BSE - Index is SENSEX comprises of 30 companies.
31	Initial Deposit	The smallest amount of money that an investor/trader must initially deposit into a new brokerage account. Minimum deposits are required to cover the baseline costs associated with setting up a new account and maintaining it thereafter. Also referred to as "Minimum to Open an Account."
32	Indicess ✓	Indicess is composite Structure which represent any particular market sector. It Represents performance of specific sector. Nifty Bank, Nifty Auto, Nifty Energy, Nifty Infra, Nifty Pharma, Nifty IT, etc.
33	Intraday ✓	When a trader <u>Squares off</u> (closes the transaction) in the same trading session, here the trader would get an intraday trading limit/ leverage / exposure on his deposited amount.
34	Limit ✓	Limit is a credit Facility given by a Broker to a trader for intraday trading only. It differ from broker to broker . Generally it is in the range of 4 to 8 times . Limit is given by the broker on the Initial deposit.
35	Limit Order	Trade executed on the traders wished price (may have range).
36	Lot Size ✓	In the stock market, lot size refers to the number of shares you buy in one transaction.
37	Margin ✓	Every trader has to deposit an Initial Margin (Initial Deposit) with the Broker before trading in a Future contract, the margins are designed on the SPAN (Standard portfolio analysis of risk)

38	Market order	Trade executed on current market price.
39	Modified order	modification in quantity of shares or price
40	Open position/Interest	The total number of outstanding contracts or open position which are yet to be squared-off as on date
41	Pending/ Outstanding order	not yet executed, can be canceled or modified
42	Positional	It can be done only in derivative market. In this type of trade one can hold the trade without getting delivery of the shares
43	Primary Market	When promoter of a company issue shares first time to the public to raise funds, that market is known as Primary Market and the process by which shares are issued in the Primary Market is known as IPO (Initial Public Offer).
44	Put Option	A Put Option gives the holder of the right to sell a specific number of shares of an agreed security at a fixed price for a period of time.
45	RBI	Reserve Bank of India mainly controls the Banking and monetary systems in the Country making Monetary policies, looking after the working of Banks. They regulate Currency Derivative Segment along with SEBI.
46	Regulator	Regulator is one who regulates the market, decides the do's and don'ts. Prepare rules and regulation, handle grievances for the proper functioning of the financial market. All participants of financial market (Exchange, Brokers, Traders) work under the guidelines given by a Regulator.
47	Roll Over	A process of squaring off the current open position and taking the same directional position in the next series of the Future contract, with same number of lots and same script.
48	SEBI	Securities and Exchange Board of India is the Big Boss of Financial markets and the main regulator in the Capital Markets, SEBI regulates Equity Markets and Currency Derivative segments, came into power in 1992.
49	Secondary Market	Issued shares in IPO are tradable on exchange. Any existing shareholder who want to sell his shares and any new investor who want to buy shares, both the parties have to approach Exchanges for buying and selling of shares, this market is known as Secondary Market.
50	Short Sell	This is a very unique concept, where a trader sells a share first (without owning that share) in his demat account, neither took buying position first and then buys it back, the trader has a bearish view on the stock here

51	Speculators	Speculators make bets or guesses on where they believe the market is headed. For example, if a speculator believes that a stock is overpriced, he or she may short sell the stock and wait for the price of the stock to decline, at which point he or she will buy back the stock and receive a profit.
52	STBT	Sell today and Buy Tomorrow, here the trader sells a stock today and buys it tomorrow, this CANNOT be done in Cash segment.
53	Stop loss Order	A special order to fix the loss in unfavorable condition.
54	Strike Price	Betting points are known as Strike Price
55	Tick Size	The minimum movement allowed for a share on either side, the tick size in Equity markets is 0.05
56	Trader/ Investor	These are the makers of the market, the real end client for whom the whole system exists. All the products and systems in Financial Markets are designed keeping in mind these real Investors and traders of the System. These Comprise of all the Indian Retail, HNIs, Institutional Clients (FII's and DII's) trading in the Indian Financial Markets.
57	Trading a/c	Trading account is used for the purpose of trading which stores information regarding the Buy, sell price, average price, Limits, Profit and loss statement of the client.

Currency :-

Lot size of Currency is 1000

S.No.	CURRENCY	NAMES
1	USD/INR	United States to Indian Rupee
2	GBP/INR	Great Britain Pound to Indian Rupee
3	JPY/INR	Japanese Yen to Indian Rupee
4	Euro/INR	European Currency to Indian Rupee

Lot Size :-

MCX Market					
S.No.	Commodity	Price	Lot Size	Mini Lot Size	Tick Size
1	Gold	10 grms	10 g(100)	10 g	1
2	Silver	Per kg	30 Kgs	5 Kg	1
3	Crude Oil	Per Barrel	100 bbl	10 bbl	1
4	Natural Gas	Per mmbtu	1250 mmbtu	N.A.	0.1
5	Zinc	Per kg	5000 kg	1000 kg	0.05
6	Aluminum	Per kg	5000 kg	1000 kg	0.05
7	Lead	Per kg	5000 kg	1000 kg	0.05
8	Copper	Per kg	1000 kg	250 kg	0.05
9	Nickel	Per kg	250 kg	100 kg	0.1

NCDEX Market			
Commodity	Counters	Lot Size	Tick Size
Oils	Refined Soya Oil	1000	0.05
	Mentha Oil	360	0.1
Seeds	Chana	100	1
	Gaur Seed	100	1
	Soya Bean	100	1
	Coriander	100	1
	RM Seeds	100	1
	Jeera	30	2.5
Spices	Turmeric	50	2

Abbreviations

<i>Abbreviation</i>	<i>Full Form</i>
SEBI	Securities & Exchange Board Of India
BSE	Bombay Stock Exchange
NSE	National Stock Exchange
MCX-SX	MCX Stock Exchange Limited
NSCCL	National Securities Clearing Corporation Limited
FMC	Forward Market Commission
MCX	Multi Commodity Exchange.
NCDEX	National Commodity Derivative Exchange
NCCL	National Commodity Clearing Limited
CMP	Current Market Price
LTP	Last Traded Price
MTM	Mark to Market
CE	Call European
PE	Put European
TM	Trading Member
PCP	Previous Closing Price
<hr/>	
NCL	Non Cash Limit
FMCG	Fast Moving Consumer Goods
F&O	Futures and Options
VAR	Value At Risk Margin
IPO	Initial Public Offer
LME	London Metal Exchange
NIM	New Issue Market
FPO	Follow On Public Offer
FII	Foreign Institutional Investor
DII	Domestic Institutional Investor
ITM	In the Money /
OTM	Out of the Money
ATM	At the Money
Comex	Commodity Exchange
Nymex	New York Mercantile exchange

Synonyms of frequently used market terminologies :

Stock / Script / Share / Counter
Square Off / Exit / Cut off / Close
Execute / Confirmed
Stock Market / Equity Market / Cash Market
F&O / Future and Options / Vayda Bazar
Underlying Asset / Spot Market / Physical Market
Index Future / Nifty Future
Nifty Spot / Nifty Cash
Buy / Long
Sell / Short
Bid Price / Buy Price
Offer Price / Sell Price
Carry Forward / Holding position
Movement in Price / Movement in Point / Movement in Rupees
Upward Movement / Bull / Positive Movement
Downward Movement / Bear / Negative Movement

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Markets :-

SEBI recognizes a total of 8 stock exchanges across India

Sr. No.	Name	Valid up to
1	Ahmedabad Stock Exchange Ltd.	PERMANENT
2	BSE Ltd.	PERMANENT
3	Calcutta Stock Exchange Ltd.	PERMANENT
4	India International Exchange (India INX)	Dec 28, 2017
5	Magadh Stock Exchange Ltd.	PERMANENT
6	Metropolitan Stock Exchange of India Ltd.	Sep 15, 2018
7	National Stock Exchange of India Ltd.	PERMANENT
8	NSE IFSC Ltd.	May 28, 2018

SEBI recognizes 9 Commodity Derivatives Exchanges in India

Sr. No.	Name	Valid Upto
1	Ace Derivatives and Commodity Exchange Limited	PERMANENT
2	Hapur Commodity Exchange Ltd	Feb 28, 2018
3	India Pepper & Spice Trade Association	PERMANENT
4	Indian Commodity Exchange Limited	PERMANENT
5	Multi Commodity Exchange of India Ltd.	PERMANENT
6	National Commodity & Derivatives Exchange Ltd.	PERMANENT
7	National Multi Commodity Exchange of India Limited.	PERMANENT
8	Rajkot Commodity Exchange Ltd.	Mar 31, 2018
9	Universal Commodity Exchange Ltd.	PERMANENT

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Major Global Stock Exchange :-

Ranking	Exchange	Economy	Headquarters	Open (local)	Close (local)	Lunch (local)
1	New York Stock Exchange	United States	New York	9:30:00 A.M.	4:00:00 P.M.	No
2	NASDAQ	United States	New York	9:30:00 A.M.	4:00:00 P.M.	No
3	Japan Exchange Group	Japan	Tokyo	9:00:00 A.M.	3:00:00 P.M.	11:30 a.m. - 12: p.m.
4	Shanghai Stock Exchange	China	Shanghai	9:30:00 A.M.	3:00:00 P.M.	11:30-13:00
5	Euronext	European Union	Amsterdam, Brussels, Lisbon, London, Paris	9:00:00 A.M.	05:30:00 PM	No
6	London Stock Exchange	United Kingdom	London	08:00:00 AM	04:30:00 PM	No
7	Hong Kong Stock Exchange	Hong Kong	Hong Kong	09:15:00 AM	04:00:00 PM	12:00-13:00
8	Shenzhen Stock Exchange	China	Shenzhen	09:30:00 AM	03:00:00 PM	11:30-13:00
9	TMX Group	Canada	toronto	09:30:00 AM	04:00:00 PM	No
10	National Stock Exchange	India	Mumbai	09:15:00 AM	03:30:00 PM	No
11	Deutsche Borse	Germany	Frankfurt	08:00 (Eurex) 08:00 (floor) 09:00 (Xetra)	22:00 (Eurex) 20:00 (floor) 17:30 (Xetra)	No
12	Bombay Stock Exchange	India	Mumbai	09:15:00 AM	03:30:00 PM	No
13	Korea Exchange	South Korea	Seoul	09:00:00 AM	03:30:00 PM	No
14	SIX Swiss Exchange	Switzerland	Zurich	09:00:00 AM	05:30:00 PM	No
15	Nasdaq Nordic	Northern Europe, Armenia	Stockholm			No
16	Australian Securities Exchange	Australia	Sydney	09:50:00 AM	04:12:00 PM	No
17	JSE Limited	South Africa	Johannesburg	09:00:00 AM	05:00:00 PM	No
18	Taiwan Stock Exchange	Taiwan	Taipei	09:00:00 AM	01:30:00 PM	No
19	BM&F Bovespa	Brazil	Sao Paulo	10:00:00 AM	05:30:00 PM	No
20	BME Spanish	Spain	Madrid	09:00:00 AM	05:30:00 PM	No

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