

Unit 1
Part B
Text II

market, exchange, commitment, trade, profit, price, list

VOCABULARY NOTES

1. market

stock market — фондовая биржа

money market — рынок краткосрочного капитала, валютный рынок (не путать с валютной биржей) market place — (физ) рынок, место торговли market order — «рыночный приказ» (о немедленном совершении сделки по наилучшей текущей цене) market value — рыночная (биржевая) стоимость ценной бумаги (в отличие от номинальной)

market price — рыночная цена, т. е. последняя цена, по которой была заключена сделка на рынке over-the-counter market (ОТС) — внебиржевой рынок ценных бумаг

syn. unlisted, off-board

to buy (sell) at the market — покупать (продавать) «по наилучшей цене»

to size up the market — оценить конъюнктуру рынка to make a market — «делать рынок»: постоянно котировать цены продавца и покупателя с готовностью вступить в сделки по ним

2. exchange

stock exchange — фондовая биржа commodity exchange — товарная биржа

labour exchange — биржа труда

NYSE (the Big Board, the Exchange) — Нью-Йоркская фондовая биржа

AM EX (the Curb) — Американская фондовая биржа exchange member — член фондовой биржи syn. registered representative (RR)

to have a membership (a seat) on an exchange — быть членом биржи, иметь членство на бирже to trade (sell, buy) on an exchange — проводить операции на бирже

to run an exchange — руководить деятельностью биржи

3. commitment

to make commitments — брать на себя обязательства to break commitments — нарушать обязательства to stick to one's commitments — выполнять обязательства

to change commitments — изменить взятые на себя обязательства to commit oneself to smth/doing smth — см. to make commitments

4. trade

volume of trading — объем торговли, заключенных сделок, биржевой оборот ценных бумаг

unit of trading — единица торговли, число акций в основе одного биржевого контракта odd lot — нестандартная сделка, од-лот round lot — стандартная сделка, круглый лот

the trading floor — торговый зал биржи / the trading

crowd—дилеры, интересующиеся конкретными ценными бумагами и группирующиеся в определенном месте биржи trading post — торговый пост
to be assigned to a trading post—быть закрепленным за торговым постом trading hours — торговая сессия

to execute trade — осуществлять операции с ценными бумагами

to trade shares (stocks, bonds) on an exchange — см. to execute trade

5. profit ant. loss

non-for-profit organization — некоммерческая организация, неприбыльная организация to make profits for smb—приносить прибыль к-л to dispose of sth at a profit — реализовывать ч-л с прибылью

to fix a profit at — установить прибыль на к-л уровне to sell at a profit — являться прибыльным to yield a profit of— приносить прибыль в к-л размере to profit by smth] doing smth — получить выгоду от ч-л to be profitable — быть прибыльным

6. price

to come up in price — подниматься в цене

to come down in price — падать в цене

to buy (sell) smth at a price — покупать (продавать) по к-л цене

to set a price for — определить цену на ч-л, устанавливать цену на ч-л

to bargain for a better price — требовать, добиваться более приемлемых цен

to accept the price — согласиться на к-л цену

to price stocks — устанавливать цену на акции

7. list

to list the stock on the exchange — официально зарегистрировать акции на бирже, допускать к котировке listed company (stock, securities) — компания, акции которой котируются на фондовой бирже, «списочная компания»

listing — допуск: котировка; листинг syn. quotation quotation list—котировочный бюллетень

Answer the following comprehension questions based on the text.

1. What notions does the term "stock market" embrace?
2. What is the term "exchange" associated with?
3. What market places are there in the US? What do you come to know about them?
4. What functions does the SEC perform?
5. How are securities traded on OTC?

The stock market. To some it's a puzzle. To others, it's a source of profit and endless fascination. The stock market is the financial nerve centre of any country. It reflects any change in the economy. It is sensitive to interest rates, inflation and political events. In a very real sense, it has its fingers on the pulse of the entire world.

Taken in its broadest sense, the stock market is also a control centre. It is the market place where businesses and governments come to raise money so that they can continue and expand their operations. It is the market place where giant businesses and institutions come to make and change their financial commitments. The stock market is also a place of individual opportunity.

The phrase "the stock market" means many things. In the narrowest sense, a stock market is a place where stocks are traded — that is bought and sold. The phrase "the stock market" is often used to refer to the biggest and most important stock market in the world, the New York Stock Exchange, which is as well the oldest in the USA. It was founded in 1792. NYSE is located at 11 Wall Street in New York City. It is also known as the Big Board and the Exchange. In the mid-1980s NYSE-listed shares made up approximately 60% of the total shares traded on organized national exchanges in the United States.

AMEX stands for the American Stock Exchange. It has the second biggest volume of trading in the US. Located at 86 Trinity Place in downtown Manhattan, the AMEX was known until 1921 as the Curb Exchange, and it is still referred to as the Curb today. Early traders gathered near Wall Street. Nothing could stop those outdoors brokers. Even in the snow and rain they put up lists of stocks for sale. The gathering place became known as the outdoor curb market, hence the name the Curb. In 1921 the Curb finally moved indoors. For the most part, the stocks and bonds traded on the AMEX are those of small to medium-size companies, as contrasted with the huge companies whose shares are traded on the New York Stock Exchange.

The Exchange is a non-for-profit corporation run by a board of directors. Its member firms are subject to a strict and detailed self-regulatory code. Self-regulation is a matter of self-interest for stock exchange members. It has built public confidence in the Exchange. It is also required by law. The US Securities and Exchange Commission (SEC) administers the federal securities laws and supervises all securities exchanges in the country. Whenever self-regulation doesn't do the job, the SEC is likely to step in directly. The Exchange doesn't buy, sell or own any securities nor does it set stock prices. The Exchange merely is the marketplace where the public, acting through member brokers, can buy and sell at prices set by supply and demand.

It costs money to become an Exchange member. There are about 650 memberships or "seats" on the NYSE, owned by large and small firms and in some cases by individuals. These seats can be bought and sold; in 1986 the price of a seat averaged around \$600,000. Before you are permitted to buy a seat you must pass a test that strictly scrutinizes your knowledge of the securities industry as well as a check of experience and character.

Apart from the NYSE and the AMEX there are also "regional" exchanges in

the US, of which the best known are the Pacific, Midwest, Boston and Philadelphia exchanges.

There is one more market place in which the volume of common stock trading begins to approach that of the NYSE. It is trading of common stock "over-the-counter" or "OTC"— that is not on any organized exchange. Most securities other than common stocks are traded over-the-counter. For example, the vast market in US Government securities is an over-the-counter market. So is the money market — the market in which all sorts of short-term debt obligations are traded daily in tremendous quantities. Like-wise the market for long-and short-term borrowings by state and local governments. And the bulk of trading in corporate bonds also is accomplished over-the-counter.

While most of the common stocks traded over-the-counter are those of smaller companies, many sizable corporations continue to be found on the "OTC" list, including a large number of banks and insurance companies.

As there is no physical trading floor, over-the-counter trading' is accomplished through vast telephone and other electronic networks that link traders as closely as if they were seated in the same room. With the help of computers, price quotations from dealers in Seattle, San Diego, Atlanta and Philadelphia can be flashed on a single screen. Dedicated telephone lines link the more active traders. Confirmations are delivered electronically rather than through the mail. Dealers, thousands of miles apart, who are complete strangers execute trades in the thousands or even millions of dollars based on thirty seconds of telephone conversation and the knowledge that each is a securities dealer registered with the National Association of Securities Dealers (NASD), the industry self-regulatory organization that supervises OTC trading. No matter which way market prices move subsequently, each knows that the trade will be honoured.

VOCABULARY PRACTICE

■ Ex. 1. Look at the words, all of which are from this unit. Match the words with the correct definition from the list below.

market order, OTC, odd lot, market value, listed company, round lot, seat, market price, make a market, RR

1. Last reported price at which a security was sold on an exchange.
2. A term used to describe membership on an exchange.
3. Generally accepted unit of trading on a securities exchange.
4. An order to buy or sell a slated ammount of security at the most advantageous price obtainable after the order is represented in 'he trading crowd.
5. Securities trade made for less than the normal trading unit.
6. Current market price of a security —as indicated by the latest trade recorded.
7. An employee of a stock exchange who accepts buy and sell orders from customers.

8. Maintain firm bid and offer prices in a given security by standing ready to buy or sell round lots at publicly quoted prices.
9. Market in which securities transactions are conducted through telephone and computer network connecting dealers in stocks and bonds rather than on the floor of an exchange.
10. A company whose securities are traded on an organized exchange.

■ Ex. II. Look through this excerpt and then fill the spaces with words. Translate the text into Russian.

securities market, listed companies, listing, are traded, list

More than 1700 companies from around the world ... (1) their shares on the New Stock Exchange. ... (2) their shares for sale to the public makes it possible for these companies to raise capital for a wide variety of productive purposes. ... (3) are the essence of the NYSE. Without them, there would be no shares and no shareholders. The shares of ... (4) allow all investors, both large and small, to participate in the growth and vitality of the economy. Since the shares of many foreign companies ... (5) on the NYSE, investors also have the opportunity to share in economic growth world-wide.

Unit 2
Part B
Text II

order, broker, commission, quote, spread, price continuity, specialist, block-trading

VOCABULARY NOTES

1. order

to take an order from smb — принимать приказ клиента на покупку или продажу ценных бумаг to relay an order to smb — передавать, приказ к-л syn. to pass an order on to smb to execute an order — выполнять приказ to report an order — сообщать о результатах операции с ценными бумагами on orders from smb — по приказу от к-л limit order — лимитный (ограниченный) приказ time order — приказ клиента биржевому брокеру, действительный в течение определенного времени stop order — приказ «стоп»: приказ продавать или покупать на лучших условиях при достижении ценой определенного уровня

2. broker

a member broker — член биржи syn. an exchange member

an account executive

a RR

floor broker — член биржи, непосредственно участвующий в торге в торговом зале биржи

stock broker — фондовый брокер, член фондовой биржи securities broker — брокер, специализирующийся на купле-продаже ценных бумаг

odd lot broker — брокер, специализирующийся на нестандартных операциях с ценными бумагами exchange broker — брокер фондовой биржи real estate

broker — маклер по операциям с недвижимостью

money broker — маклер на денежном рынке broker-dealer (B/D) — брокер-дилер

brokerage firm — брокерская компания

to contact a brokerage firm — связаться с брокерской компанией

brokerage (см. commission)

3. commission

fixed commission — фиксированное комиссионное вознаграждение

negotiated commission — договорное комиссионное вознаграждение

commission rate — комиссионная ставка

to charge commission — взимать комиссионные, брать вознаграждения

4. quote

to quote — регистрировать курс, котировать

quotation of the day — курс дня

asked quotation — курс продавца

bid quotation — курс покупателя

over-the counter quotation — котировка во внебиржевом обороте

5. spread

to narrow the spread — сократить спред, разрыв в ценах

to profit from the spread- получать выгоду, прибыль от разрыва в ценах

6. price continuity

to maintain price continuity - поддерживать преемственность цен

syn. to preserve price continuity - поддерживать стабильность рынка

7. specialist – специалист, член фондовой биржи , поддерживающий рынок по той или иной ценной бумаге , оперируя за свой счет

8. block-trading - торговля крупными партиями акций , операции с пакетами акций

Answer the following comprehension questions based on the text.

How is the order to buy or sell shares handled?

What is the floor of the Exchange like?

What categories of market professionals are active on the trading floor? What functions are they assigned?

What is price continuity and how is it preserved?

What prompted block-trading?

TRADING ON THE STOCK EXCHANGE FLOOR

When an individual wants to place an order to buy or sell shares, he contacts a brokerage firm that is a member of the Exchange. A registered representative or "RR" will take his order. He or she is a trained professional who has passed an examination on many matters including Exchange rules and procedures.

The individual's order is relayed to a telephone clerk on the floor of the Exchange and by the telephone clerk to the floor broker. The floor broker who actually executes the order on the trading floor has an exhausting and high-pressure job. The trading floor is larger than half the size of a football field. It is dotted with multiple locations called "trading posts". Every stock traded on the Exchange is assigned to a specific post. The floor broker proceeds to the post where this or that particular stock is traded and finds out which other brokers have orders from clients to buy or sell the stock, and at what prices. If the order the individual placed is a "market order"—which means an order to buy or sell without delay at the best price available—the floor broker sizes up the market, decides whether to bargain for a better price or to accept one of the orders being shown, and executes the trade—all this happens in a matter of seconds. Usually shares are traded in round lots on securities exchanges. A round lot is generally 100 shares, called a unit of trading, anything less is called an odd lot.

When you first see the trading floor, you might assume all brokers are the same, but they aren't. There are five categories of market professionals active on the trading floor.

Commission Brokers, usually floor brokers, work for member firms. They use their experience, judgment and execution skills to buy and sell for the firm's customer for a commission.

Independent Floor Brokers are individual entrepreneurs who act for a variety of clients. They execute orders for other floor brokers who have more volume than they can handle, or for firms whose exchange members are not on the floor.

Registered Competitive Market Makers have specific obligations to trade for their own or their firm's accounts - when called upon by an Exchange official—by making a bid or offer that will narrow the existing quote spread, or improve the depth of an existing quote.

Competitive Traders trade for their own accounts, under strict rules designed to assure that their activities contribute to market liquidity.

And last, but not least, come Stock Specialists. The Exchange tries to preserve price continuity—which means that if a stock has been trading at, say, 35, the next buyer or seller should be able to execute

buying
show the back
of the hand



selling
show the palm
of the hand



The hand signals for numerals



1



2



3



4



5



6



7



8



9



0

an order within a fraction of that price. But what if a buyer comes in when no other broker wants to sell close to the last price? Or vice versa for a seller? How is price continuity preserved? At this point enters the Specialist. The specialist is charged with a special function, that of maintaining continuity in the price of specific stocks. The specialist does this by standing ready to buy shares at a price reasonably close to the last recorded sale price when someone wants to sell and there is a lack of buyers,

and to sell when there is a lack of sellers and someone wants to buy. For each listed stock, there are one or more specialist firms assigned to perform this stabilizing function. The specialist also acts as a broker, executing public orders for the stock, and keeping a record of limit orders to be executed if the price of the stock reaches a specified level. Some of the specialist firms are large and assigned to many different stocks. The Exchange and the SEC are particularly interested in the specialist function, and trading by the specialists is closely monitored to make sure that they are giving precedence to public orders and helping to stabilize the markets, not merely trying to make profits for themselves. Since a specialist may at any time be called on to buy and hold substantial amounts of stock, The specialist firms must be well capitalized.

In today's markets, where multi-million-dollar trades by institutions (i. e. banks, pension funds, mutual funds, etc.) have become common, the specialist can no longer absorb all of the large blocks of stock offered for sale, nor supply the large blocks being sought by institutional buyers. Over the last several years, there has been a rapid growth in block trading by large brokerage firms and other firms in the securities industry. If an institution wants to sell a large block of stock, these firms will conduct an expert and rapid search for possible buyers; if not enough buying interest is found, the block trading firm will fill the gap by buying shares itself, taking the risk of owning the shares and being able to dispose of them subsequently at a profit. If the institution wants to buy rather than sell, the process is reversed. In a sense, these firms are fulfilling the same function as the specialist, but on a much larger scale. They are stepping in to buy and own stock temporarily when offerings exceed demand, and vice versa.

So the specialists and the block traders perform similar stabilizing functions, though the block traders have no official role and have no motive other than to make a profit.

VOCABULARY PRACTICE

■ Ex. I. Look at the words, all of which are from this unit. Match the words with the correct definition from the list below.

limit-order, floor broker, fixed commission, bid quotation, stop order, spread, broker-dealer, specialist, asked quotation, negotiated commission

1. Member of a stock exchange who maintains a fair and orderly market in one or more securities.
2. Order to a securities broker to buy or sell at the market price once the security has traded at a specified price.
3. Certain fee paid to a broker for a given sized trade.
4. Member of an exchange who is an employee of a member firm and executes orders, as agent, on the floor of the exchange for clients.
5. Order to buy or sell a security at a specified price or better.

6. Individual or firm operating both as brokers and principals.
7. Fee paid to a broker for executing a trade which is determined through bargaining.
8. The highest price a prospective buyer is prepared to pay at a particular time for a trading unit of a given security.
9. Difference between the high and low price of a particular security over a given period.
10. Price at which a security is offered for sale on an exchange.

■ Ex. II. Look through these excerpts and then fill the spaces with words. Translate the text into Russian.

I. One reason the Exchange is currently a healthy, flourishing institution is because of a charge that was bitterly opposed by many of the members a decade ago. Before 1975, commissions paid to brokers for ... (1) were fixed according to a uniform schedule set by the Exchange. Every member firm ... (2) for a given sized trade. As a result, the institutional customers began to ... (3) through brokers who were not Exchange members and who charged more realistically. This ... (4) for ... (5) became known as the "third market". In 1975, over the protests of many members, ... (6) were abolished and the era of ... (7) began.

negotiated commissions, to execute trade off the NYSE, executing orders, over-the-counter market, fixed commissions, charged the same commission, listed securities

II. When investors buy or sell shares of a ... (1), they contact a retail broker (also known as ... (2) or ... (3)) who is an employee of the member firm. The registered representative can ... (4) in two ways. In some cases, the account executive notifies a broker on the NYSE trading floor who ... (5) on behalf of the customer. Information about this transaction is then ... (6) worldwide. And the trade is... (7) in seconds. Customers orders can also ... (8) and processed electronically through a computerized order-routing system that completes the trading loop within seconds.

be executed, listed company, execute the trade, RR, places an order, confirmed, made available, account executive