Equity Markets

Accounting & Finance

How shares are issued and traded, and what a market does.

Primary market	Secondary market
New shares issued by the company	Existing shares change hands
IPO or subsequent placing	Exchange or over the counter
Money goes to the company	Money goes between investors
Priced by bookbuilding	Priced continuously
Happens rarely	Happens constantly

THE DIFFERENCE THAT MATTERS

Secondary liquidity is what makes primary issuance possible. Nobody buys what they cannot later sell.

The company receives no money when its shares trade. It benefits indirectly through the cost of future capital.