

# How does the share market work?



**Mentor in a minute**

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So how does the share market work?

The share market brings together buyers and sellers, enabling them to exchange listed securities. Now listed securities is the group name for many investment products like shares, bonds, investment trusts and exchange traded funds.

Stock exchanges enable businesses, governments and organisations to raise capital, in order to invest or to grow.

Securities can be listed on a stock exchange, such as the Australian Securities Exchange the (ASX) or Chi-X here in Australia and the New York Stock Exchange the (NYSE) in the US on Wall Street.

The stock market is used by a range of investors from retail investors, all the way through to institutional players, such as fund managers, insurance firms, banks and pension funds.

Investors can buy and sell via the exchange through a broker. Now Brokers place the orders into the market via direct access, over the phone or via automated online systems.

The price at which you can buy a share is known as the bid price and the price at which you can sell a share back into the market is known as the offer price.

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