



**RAMA
UNIVERSITY**

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FACULTY OF COMMERCE AND MANAGEMENT

COURSE: BBA (DM)

SUBJECT: SECURITY AND PORTFOLIO MANAGEMENT

SUBJECT CODE: BBA (DM) 602

LECTURE: 3

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SECONDARY MARKET :

A market where securities are traded after being initially offered to the public in the primary market and/or listed in the stock exchange. Majority of the trading is done in the secondary market. This market comprises of Equity market and Debt Market.

Secondary market provides liquidity to the securities on the exchange(s) and this activity commences subsequent to the original issue.

Features of Secondary Markets

Help in determining fair prices based on demand and supply forces and all available information

Provides easy marketability and liquidity for investors

Facilitation in capital allocations in primary market through price signalling

Enabling investors to adjust portfolios of securities

Participants in the Secondary Market

Stock Exchange

Clearing Corporation

Depositories/ DP

Trading Member (Stock Broker)/

Clearing Member

Registrar to an Issue and Share Transfer

Agent

What are the products dealt in Secondary Markets ?

Equity shares

Debentures

Government securities

Bonds



Difference between Primary and Secondary Market

In the primary market, securities are offered to public for subscription for the purpose of raising capital or fund.

Secondary market is an equity trading avenue in which already existing/pre-issued securities are traded among investors.

Secondary market could be either auction or dealer market. While stock exchange is a part of an auction market.