A stock exchange provides a platform (live, electronic, or both) for investors to buy and sell stock with each other. There are three major US stock exchanges: the American Stock Exchange, the NASDAQ Stock Market and the New York Stock Exchange. Each exchange has its own listing standards, rules, and methods of operation. Companies and underwriters take great care in deciding which exchange to list or trade their stock on.

Directions: Determine whether the following statements are true or false. Place answer in appropriate area and submit completed assignment to proper area in Edmodo.

1. \_\_\_\_\_ Stockholders can only make money by collecting dividends.

2. \_\_\_\_\_ People who invest in the stock market will automatically make money.

3. \_\_\_\_\_ You can only buy stock in publicly held companies.

4. \_\_\_\_\_ Preferred stock means the company is preferred over other companies in a particular industry.

5. \_\_\_\_\_ A dividend is a portion of the company’s profits paid to its shareholders.

6. \_\_\_\_\_ Profits represent ownership of shares of a company.

7. \_\_\_\_\_ Risk is only associated with the purchase of common stocks.

8. \_\_\_\_\_ A person who is 25 should not be willing to take the same amount of risk when investing as someone who is 55.

9. \_\_\_\_\_ It is possible for stockholders to lose money in addition to the amount they invested, if a company fails.

10. \_\_\_\_\_ A tombstone ad is prepared for companies that are facing bankruptcy and financial failure.

11. \_\_\_\_\_ Investment bankers buy shares of stock on the same type of market that the general public does.

12. \_\_\_\_\_ The general public buys new issues of stock on the primary market.