INVESTMENT MANAGEMENT

2 MARKS

1. INVESTMENT:

An investment is an asset or item accrued with the goal of generating income or recognition. In an economic outlook, an investment is the purchase of goods that are not consumed today but are used in the future to generate wealth. In finance, an investment is a financial asset bought with the idea that the asset will provide income further or will later be sold at a higher cost price for a profit.

2. SPECULATION:

Speculation is the purchase of an asset (a commodity, goods, or real estate) with the hope that it will become more valuable in the near future. In finance, speculation is also the practice of engaging in risky financial transactions in an attempt to profit from *short term fluctuations* in the market value of a tradable financial instrument rather than attempting to profit from the underlying financial attributes embodied in the instrument such as capital gains, dividends, or interest.

3. GAMBLING:

Gambling is taking part in a game during which you risk money, or something of monetary value, in order to win money or a prize. The outcome of the game is usually down to chance, so when gambling you might leave with less money than you started off with, and sometimes with nothing at all.

4. SPECULATORS:

There are 4 types of speculators in a stock exchange. They are,

- Bulls,
- Bears,
- Stags and
- Lame Ducks.

Edit with WPS Office

5. RISK:

Risk implies future uncertainty about deviation from expected earnings or expected outcome. Risk measures the uncertainty that an investor is willing to take to realize a gain from an investment.

6. SYSTEMATIC RISK:

External factors that cannot be controlled cause risks which are known as systematic risks. Systematic risks are non-diversifiable and they arise out of the factors such as market, nature of the industry, state of the economy, etc…„Systematic risks can be further classified into (i) Market risk (ii) Interest rate risk, and (iii)Purchasing power risk.

7. UNSYSTEMATIC RISK:

Unsystematic risk arises out of the uncertainty surrounding a particular firm or industry due to factors such as strikes, lock-out, consumer preferences and management policies. These factors cause unsystematic variability of returns for a company's stock. As these factors are unique to each company, their impact should be studied separately for each company. Unsystematic risks can be classified into
(i) Business risk (ii) Financial risk (iii) Default or insolvency risk

8. RISK AND RETURN ON INVESTMENT:

Return on Investment is obviously one important aspect to consider while making investment decisions. While every investor seeks to receive the maximum return from their investment, there is one more aspect which is less discussed but quite important and that's risk taken while making the investment.

9. RETURN ON REVENUE:

Return on revenue is a measure of company profitability that is calculated by dividing net income by revenue. A business can increase ROR by increasing profit with a change in sales mix or by cutting expenses. ROR also has an impact on a firm's earnings per share (EPS), and analysts use ROR to make investment decisions.

10. BANK DEPOSIT:

Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, checking accounts and money market accounts. The account holder

Edit with WPS Office

has the right to withdraw deposited funds, as set forth in the terms and conditions governing the account agreement.

11. REAL ESTATE:

Real estate is the property, land, buildings, air rights above the land and underground rights below the land. The term real estate means real, or physical, property. “Real” comes from the Latin root *res*, or things. Others say it’s from the Latin word *rex,* meaning “royal,” since kings used to own all land in their kingdoms.[1] The U.S. Constitution initially restricted voting rights to only owners of real estate.

12. EQUITY SHARES:

Equity is typically referred to as shareholder equity which represents amount of money that would be returned to a company’s shareholders if all of the assets were liquidated and all of the company’s debt was paid off.

Equity is found on a company's balance sheet and is one of the most common financial metrics employed by analysts to assess the financial health of a company. Shareholder equity can also represent the book value of a company. Equity can sometimes be offered as payment-in-kind

13. GOVERNMENT SECURITIES:

A government security is a bond or other type of debt obligation that is issued by a government with a promise of repayment upon the security’s maturity date. Government securities are usually considered low-risk investments because they are backed by the taxing power of a government.

14. MUTUAL FUND:

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

15. PROMISORY NOTE:

A **promissory note** is a financial instrument that contains a written promise by one party (the **note's** issuer or maker) to pay another party (the **note's** payee) a definite sum of money, either on demand or at a specified future date.. In effect, anyone becomes a lender when he issues a **promissory note**.

16. ADVANTAGES OF LIC:

People who buy life insurance enjoy one or more of the following benefits:

Edit with WPS Office

1.Peace of mind

2.An expanded financial portfolio

3.Tax benefits

4.Flexible financial security

5.Affordable coverage

17. CURRENT MONEY:

The currency of the country : whatever is intended to and does actually circulate as currency; every species of coin or currency. ... Money is current which is received as money in the common business transactions, and is the common medium in barter and trade.

18. PRIMARY MARKET:

The primary market is where securities are created. It's in this market that firms sell (float) new stocks and bonds to the public for the first time. An initial public offering, or IPO, is an example of a primary market.

19. SECONDARY MARKET:

The secondary market is where investors buy and sell securities they already own. It is what most people typically think of as the "stock market," though stocks are also sold on the primary market when they are first issued.

20. ECONOMIC ANALYSIS:

Economic analysis is the study of economic systems. It may also be a study of a production process or an industry. The analysis aims to determine how effectively the economy or something within it is operating. ... They measure, in monetary terms, what the benefits of a project are to the economy or community.

Edit with WPS Office

5 MARKS

21. DIFFERENCE BETWEEN DIRECT AND INDIRECT INVESTMENT:

Direct investments are those in which the investor owns the particular assets himself, while indirect investments are investments made in vehicles that pool investor money to buy or sell assets, according to Red Mountain Asset Research. A direct investor invests in the asset itself, whereas an indirect investor invests in the expertise of the people using his investment money, notes the National Association of Real Estate Investment Trusts.

A direct investor is wholly responsible for the asset, has control over it, reaps all of the rewards and assumes all of the risks, according to Property24.com. Indirect investors let others buy and sell the assets, while assuming no ownership of the assets and taking no responsibility for them, reaping only a share of any profits that are distributed among all of the indirect investors.

Examples of indirect investments are mutual funds, pension funds and 401(k) plans, explains CNN Money. They can also be REITs, which are real estate investment trusts. An REIT could use investor money to buy large commercial properties such as malls, office buildings and hotels. An example of a direct investment would be owning a house and acting as a landlord or hiring a property manager, being responsible for upkeep and taxes, keeping all of the rent collected and assuming all of the gains or losses when the property sell.

22. FEATURES OF INVESTMENT PROGRAM:

1. Safety of principal

Safety of funds invested is one of the essential ingredients of a good investment programme. Safety of principal signifies protection against any possible loss under the changing conditions. Safety of principal can be achieved through a careful review of economic and industrial trends before choosing the type of investment. It is clear that no one can make a forecast of future economic conditions with utmost precision. To safeguard against certain errors that may creep in while making an investment decision, extensive diversification is suggested.

2. Liquidity and Collateral value

A liquid investment is one which can be converted into cash immediately without monetary loss. Liquid investments help investors meet emergencies. Stocks are easily marketable only when they provide adequate return through dividends and capital appreciation. Portfolio of liquid investments enables the investors to raise funds through the sale of liquid securities or borrowing by offering them as collateral security. The investor invests in high grade and readily saleable investments in order to ensure their liquidity and collateral value.

3. Stable income

Investors invest their funds in such assets that provide stable income. Regularity of income is consistent with a good investment programme. The income should not only

Edit with WPS Office

be stable but also adequate as well.

4. Capital growth

One of the important principles of investment is capital appreciation. A company flourishes when the industry to which it belongs is sound. So, the investors, by recognizing the connection between industry growth and capital appreciation should invest in growth stocks. In short, right issue in the right industry should be bought at the right time.

5. Tax implications

While planning an investment programme, the tax implications related to it must be seriously considered. In particular, the amount of income an investment provides and the burden of income tax on that income should be given a serious thought. Investors in small income brackets intend to maximize the cash returns on their investments and hence they are hesitant to take excessive risks. On the contrary, investors who are not particular about cash income do not consider tax implications seriously.

23. TYPES OF SPECULATORS:

1. BULL

A **Bull** is a speculator who **anticipates rise in the price of securities**. He buys securities with a view to sell them in future at a higher price and thereby earns profits. In case the prices of securities fall, he loses. He has the option to carry forward the transaction to the next settlement by paying a charge termed, 'contango'.

In India, a bull is also known as **tejiwala**. He is said to be a bull because just like a bull which tries to throw its victim up in the air, he expects to profit from increase in share prices.

2. BEAR

A **Bear** is a speculator, who **anticipates fall in the price of securities**. He sells-securities for future delivery. He sells securities which he does not possess with the hope to buy the securities at a lower price before the date of delivery. In India, a bear is also known as **mandiwala**.

3. STAG

A **stag is bullish in nature**. A stag applies for securities of a new company with the idea of selling them at a premium after allotment. His profit is the excess of the price at which he sells his allotment over the amount paid by him while applying. He expects that the prices of securities that he applies for would increase.

4. LAME DUCK

This refers to the **condition of a bear who is not able to meet his commitments**. A bear sell securities which he does not hold, with the expectation that prices are going to fall. His intention is to buy them at a lower price later and profit from the difference. On the fixed date he may not be able to deliver the security as it may not

Edit with WPS Office

be available in the market. The buyer may not be inclined to carry forward the transaction. In such a case, the bear is said to be struggling like a lame duck.

24. DIFFERENCE BETWEEN SPECULATION AND INVESTMENT:

INVESTMENT:

Investing in various financial avenues ensures the growth of money instead of remaining in the bank account with very modest returns

The yield returns help to take care of emergency situations such as Medical expenses etc.

For personal investment, the future of the entire family can be secured such as the education and marriage expenses of children.

Tax minimization is an additional advantage for Governments around the world offer benefits to individuals and companies for making investments especially if they are associated with the Government of Government-backed institutions.

Inflation can be successfully dealt with. Inflation will keep on rising and returns from savings may not necessarily be enough. The value associated with the quantum of money depreciates with rising inflation and the impact of inflation in reducing the value of assets can be controlled by investing and generating returns on the corpus.

SPECULATION:

Speculation does not have a precise definition but involves the purchase of an asset to make profits from subsequent price change and possible sale. The speculators indulge in marketable assets that do not have a long life.

The speculation involves a relatively higher level of risk and more uncertainty of returns though it can be on the same lines as an investor. These speculators are generally trained and take action when the game of probabilities is high in their favor. They are very proud of their opinion and consider placing a high premium on that. Decisions are considered when the atmosphere is of Panic, Confusion or high levels of optimism but still go against the flow.

The probability of the opposite situation is difficult to occur but if it does the speculators can earn a hefty amount from that. For e.g. if the stock market is going through a bullish phase and scenario is optimistic, the chances of downfall are relatively less but speculators can predict a bearish phase to arrive soon and place their bets accordingly. If a bearish does occur, speculators earn a really large margin since they made a prediction when bets were against their opinion.

Many may consider speculators as dangerous gamblers though they provide the much-required liquidity in the market which is essential for efficiency in the market. In

Edit with WPS Office

certain sectors such as commodities, speculators provide substantial liquidity else the only participants would be the Food companies and the farmers who may have limited ability to invest and assume the risk.

25. DIFFERENCE BETWEEN CURRENT AND FUTURE MONEY:

Basis – Present Value vs Future Value	Present Value	Future Value
Meaning	Present value is defined as the current value of the cash flow in future. It is basically the amount of cash in hand on today's date.	It is defined as the value of the future cash flow after a certain future period. This is the amount of cash which will be received at a specified future date.
Time Frame	It is the current value of an asset or investment at the starting of a particular time period.	It is that value of the asset or investment at the end of a particular time period.
Inflation Effect	For the present value, inflation is considered.	For future value, inflation is not considered.
Rates Applicable	While calculating present value both the discount rate and interest rate are taken into account.	While calculating future value only interest rate is taken into account.
Decision Making	Present value is very much important for the investors as it helps to decide whether to invest or not.	Since this reflects the future profits from an investment it has lesser importance in decision making regarding investments.
Calculation Method	While calculating present value discounting is applied to find out the present value of every cash flow and then	Future value calculation uses the compounding technique to arrive at the future value of every cash flow after a certain

Edit with WPS Office

	all these values are added up to find the investment’s value on today’s date.	time period and then all these values are added up to get the investment’s future value.
Nature	Present value is that amount which is required to obtain the future value.	Future value is that amount which an individual will get from cash on hand.

26. PRESENT VALUE INTEREST FACTOR:

The present value interest factor (PVIF) is a formula used to estimate the current worth of a sum of money that is to be received at some future date. PVIFs are often presented in the form of a table with values for different time periods and interest rate combinations.

The Formula for the Present Value Impact Factor Is
PVIF=a(1+r)naThe future sum to be receivedr=The discount interest rate n=The number of years $PVIF=(1+r)_{na}$

where:a=The future sum to be received$r$=The discount interest rate$n$=The number of years or other time period

The present value interest factor is based on the key financial concept of the time value of money. That is, a sum of money today is worth more than the same sum will be in the future, because money has the potential to grow in value over a given period of time. Provided money can earn interest, any amount of money is worth more the sooner it is received.

Present value impact factors are often used in analyzing annuities. The present value interest factor of an annuity (PVIFA) is useful when deciding whether to take a lump-sum payment now or accept an annuity payment in future periods. Using estimated rates of return, you can compare the value of the annuity payments to the lump sum.

27. POST OFFICE SCHEMES:

1. Post Office Savings Account
2. 5-Year Post Office Recurring Deposit Account (RD)
3. Post Office Time Deposit Account (TD)
4. Post Office Monthly Income Scheme Account (MIS)

Edit with WPS Office

5.Senior Citizen Savings Scheme (SCSS)

6.15 year Public Provident Fund Account

7.National Savings Certificates

8.Kisan Vikas Patra (KVP)

9. Sukanya Samriddhi Accounts (SSA)

28. LIC SCHEMES:

- Term Plan – pure risk cover
- Unit linked insurance plan (ULIP) – Insurance + Investment opportunity
- Endowment Plan – Insurance + SavingsMoney Back – Periodic returns with insurance cover
- Whole Life Insurance – Life coverage to the life assured for whole life
- Child’s Plan – For fulfilling your child’s life goals like education, marriage, etc.
- Retirement Plan - Plan your retirement and retire gracefully

29. FUNDAMENTAL ANALYSIS:

Fundamental analysis (FA) is a method of measuring value by examining related economic and financial factors. Fundamental analysts study anything that can affect the security's value, from macroeconomic factors such as the state of the economy and industry conditions to microeconomic factors like the effectiveness of the company's management.

The end goal is to arrive at a number that an investor can compare with a security's current price in order to see whether the security is undervalued or overvalued.

This method of stock analysis is considered to be in contrast to which forecasts the direction of prices through an analysis of historical market data such as price and volume.

- Fundamental analysis is a method of determining a stock's real or "fair market" value.
- Fundamental analysts search for stocks that are currently trading at prices that are higher or lower than their real value.
- If the fair market value is higher than the market price, the stock is deemed to be undervalued and a buy recommendation is given.
- In contrast, technical analysts ignore the fundamentals in favor of studying the historical price trends of the stock

Edit with WPS Office

30. DIFFERENCE BETWEEN COMPANY AND INDUSTRY ANALYSIS:

INDUSTRY ANALYSIS:

Industry analysis is useful in a number of investment applications that make use of fundamental analysis. It uses the following: Understanding a company's business and business environment Identifying active equity investment opportunities Portfolio

Industry classification attempts to place companies into groups on the basis of commonalities. Three major approaches to industry classification are: Products and/or services supplied Business-cycle sensitivities Statistical similarities

COMPANY ANALYSIS:

Company analysis includes: An analysis of the company's financial position Analysis of products and/or services An analysis of competitive strategy

Company analysis generally takes place after the analyst has gained an understanding of the company's external environment: Macroeconomic Demographic Governmental Technological Social forces influencing the company's competitive structure.

10 MARKS

31. D/B SYSTEMATIC AND UNSYSTEMATIC RISK:

BASIS FOR COMPARISON	SYSTEMATIC RISK	UNSYSTEMATIC RISK
Meaning	Systematic risk refers to the hazard which is associated	Unsystematic risk refers to the risk associated with a

Edit with WPS Office

BASIS FOR COMPARISON	SYSTEMATIC RISK	UNSYSTEMATIC RISK
	with the market or market segment as a whole.	particular security, company or industry.
Nature	Uncontrollable	Controllable
Factors	External factors	Internal factors
Affects	Large number of securities in the market.	Only particular company.
Types	Interest risk, market risk and purchasing power risk.	Business risk and financial risk
Protection	Asset allocation	Portfolio diversification

32.

*World Affairs:

International factors, which influence domestic income, output and employment and for investment in the domestic market by F.F.I.s, O.C.B.s, etc. Also foreign political affairs, wars, and the state of foreign markets affect our markets.

* Domestic Economic and Political Factors:

Gross domestic products, agricul¬tural output, monsoon, money supply, inflation, Govt. policies, taxation, etc., affect our markets.

*Industry Information:

Market demand, installed capacity, competing units, capacity utilisation, market share of the major units, market leaders, prospects of the industry, international demand for

Edit with WPS Office

exports, inputs and capital goods abroad, import competing products, labour problems and Govt. policy towards the industry are all relevant factors to be considered in investment decision-making.

* Company Information:
Corporate data, annual reports, Stock Exchange publications, Dept. of company affairs and their circulars, press releases on corporate affairs by Govt., industry chambers or associations of industries etc. are also relevant for security price analysis.

*Security Market Information:

The Credit rating of companies, data on market trends, security market analysis and market reports, equity re¬search reports, trade and settlement data, listing of companies and delisting, record dates and book closures etc., BETA factors, etc. are the needed information for investment management.

* Security Price Quotations:
Price indices, price and volume data, breadth, daily volatility, range and rate of changes of these variables are also needed for technical analysis.

*Data on Related Markets:
Such as Govt., securities, money market, forex market etc. are useful for deciding on alternative avenues of investment.

* Data on Mutual Funds:
Their schemes and their performance, N A V and repurchase prices etc. are needed as they are also investment avenues.

* Data on Primary Markets/New Issues, etc.

33. TYPES OF DEPOSIT SCHEMES:

*Savings Bank Account

*Current Deposit Account

*Fixed Deposit Account

*Recurring Deposit Account

Edit with WPS Office

Savings Bank Account

As the name suggests this type of account is suitable for people who have a definite income and are looking to save money. For example, the people who get salaries or the people who work as laborers. This type of account can be opened with a minimum initial deposit that varies from bank to bank. Money can be deposited at any time in this account.

Withdrawals can be made either by signing a withdrawal form or by issuing a cheque or by using an ATM card. Normally banks put some restriction on the number of withdrawal from this account. Interest is allowed on the balance of deposit in the account. The rate of interest on savings account varies from bank to bank and also changes from time to time. A minimum balance has to be maintained in the account as prescribed by the bank.

Current Deposit Account

Big businessmen, companies, and institutions such as schools, colleges, and hospitals have to make payment through their bank accounts. Since there are restrictions on the number of withdrawals from a savings bank account, that type of account is not suitable for them. They need to have an account from which withdrawal can be made any number of times.

Fixed Deposit Account

Some bank customers may like to put away money for a longer time. Such deposits offer a higher interest rate. If money is deposited in a savings bank account, banks allow a lower rate of interest. Therefore, money is deposited in a fixed deposit account to earn interest at a higher rate.

This type of deposit account allows the deposit to be made of an amount for a specified period. This period of deposit may range from 15 days to three years or more during which no withdrawal is allowed. However, on request, the depositor can encash the amount before its maturity. In that case, banks give lower interest than what was agreed upon. The interest on a fixed deposit account can be withdrawn at certain intervals of time. At the end of the period, the deposit may be withdrawn or renewed for a further period. Banks also grant a loan on the security of the fixed deposit receipt.

Recurring Deposit Account

While opening the account a person has to agree to deposit a fixed amount once in a month for a certain period. The total deposit along with the interest therein is payable on maturity. However, the depositor can also be allowed to close the account before its

Edit with WPS Office

maturity and get back the money along with the interest till that period.

The account can be opened by a person individually, or jointly with another, or by the guardian in the name of a minor. The rate of interest allowed on the deposits is higher than that on a savings bank deposit but lower than the rate allowed on a fixed deposit for the same period.

34. GOVERNMENT SECURITIES ,TYPES AND CHARACTERISTICS:

A government security is a bond or other type of debt obligation that is issued by a government with a promise of repayment upon the security's maturity date. Government securities are usually considered low-risk investments because they are backed by the taxing power of a government.

TYPES:

Treasury Notes

You can buy treasury notes or T-notes in terms of two, three, five, seven or 10 years. They pay interest every six months until they reach their maturity date. Once a treasury note reaches maturity, individuals can redeem the entire face value.

Treasury Bonds

Treasury bonds or T-bonds have 30-year terms and pay interest every six months. Once the bond matures, you'll receive the entire face value of the security. If you want to buy a treasury bond, you'll need at least $100 to purchase a security directly from the U.S. Treasury, or from a broker or banker. You can either let the treasury bond reach maturity or sell it before the maturity date on a secondary market.

Treasury Inflation-Protected Securities (TIPS)

Treasury Inflation-Protected Securities (TIPS) are available for five-, 10- or 30-year terms. Like conventional treasury bonds, you'll receive interest payments every six months. TIPS are very similar to conventional Treasury bonds, but there's one essential difference. A standard treasury bond keeps the same principal during the entire term of the bond. However, the par value of a TIPS will increase to keep pace with the Consumer Price Index (CPI). This keeps the principle of the bond on track with inflation.

Edit with WPS Office

Floating Rate Notes (FRN)

A floating rate note (FRN) issues for a term of two years. It’s a government debt instrument with an interest rate that changes based on an external benchmark. This benchmark is usually equal to the money market reference rate. You can compare these benchmarks to the federal fund rate or London Inter-bank Offered Rate (LIBOR). With an American FRN, the interest payments rise and fall depending on the discount rate.

Savings Bonds

Savings bonds are a low-risk investment product that helps savers combat inflation. These bonds do this by combining a fixed interest rate with inflation. This government security allows the government to borrow money for a set period of time. The borrowing period can be anywhere from one to 30 years. The U.S. Department of Treasury will keep the interest that accrues over the last three months before you withdraw the funds from your bond.

CHARACTERISTICS:

- Government Securities are issued at face value.
- Government Securities carry a sovereign guarantee and hence have zero risks of default.
- Investors can sell these Government Securities in the secondary market.
- Payment of Interest on Government Securities are paid on its face value.
- The interest payment on these Government Securities does not attract TDS, or Tax Deducted at Source.
- Government securities can be held in dematerialized form.
- The interest rate of Government Securities is fixed for the entire tenor of the instrument and cannot be changed during its tenor.
- The Government Securities are redeemable at face value at the time of its maturity.
- The maturity period of Government Securities can range between 2 to 30 years.
- Most Government Securities qualify as SLR or Statutory Liquidity Ratio investments.

35. PRIMARY AND SECONDARY MARKET:

Primary Capital Markets

When a company publicly sells new stocks and bonds for the first time, it does so in the primary capital market. This market is also called the new issues market. In many cases, the new issue takes the form of an initial public offering (IPO). When investors purchase securities on the primary capital market, the company that offers the securities hires an underwriting firm to review it and create a prospectus outlining the price and other details of the securities to be issued.

Edit with WPS Office

All issues on the primary market are subject to strict regulation. Companies must file statements with the Securities and Exchange Commission (SEC) and other securities agencies and must wait until their filings are approved before they can go public.

Prices are often volatile in the primary market because demand is often hard to predict when a security is first issued. That's why a lot of IPOs are set at low prices.

A company can raise more equity in the primary market after entering the secondary market through a rights offering. The company will offer prorated rights based on share investors already own. Another option is a private placement, where a company may sell directly to a large investor, such as a hedge fund or a bank. In this case, the shares are not made public.

Secondary Capital Markets

The secondary market is where securities are traded after the company has sold its offering on the primary market. It is also referred to as the stock market. The New York Stock Exchange (NYSE), London Stock Exchange, and Nasdaq are secondary markets.

Small investors have a much better chance of trading securities on the secondary market since they are excluded from IPOs. Anyone can purchase securities on the secondary market as long as they are willing to pay the asking price per share.

A broker typically purchases the securities on behalf of an investor in the secondary market. Unlike the primary market, where prices are set before an IPO takes place, prices on the secondary market fluctuate with demand. Investors will also have to pay a commission to the broker for carrying out the trade.

The volume of securities traded varies from day to day, as supply and demand for the security fluctuates. This also has a big effect on the security's price.

Because the initial offering is complete, the issuing company is no longer a party to any sale between two investors, except in the case of a company stock buyback.

Edit with WPS Office

Edit with WPS Office