



MY MARKET BOOK | START HERE

Your visual guide.

U.S. STOCKS & TRADE MECHANICS

Understand the market. Connect the decisions.

Start with the first three lessons.
You do not need to understand
everything today.

Build from your first share to
accounts, orders, risk and
taxes—one clear idea at a time.

“Risk comes from
not knowing what
you’re doing.”

WARREN BUFFETT



208

pages to explore



20

market chapters



147

visual lessons



95

glossary terms



56

source references



10

learning reviews



Cover artwork uses illustrative values, not current quotations.

2026 EDITION

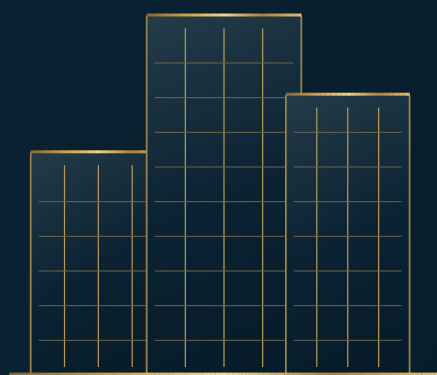
REVISION 2026.10.16-R13

**LESSON 001 | CH 01.01****FOUNDATIONS**

What is a stock?

A stock represents part ownership in a company. Buying stock makes you a shareholder: one of the business's owners.

CHAPTER GOAL Explain what stock ownership means, how shares trade, and who receives the money.

**TSLA**

Tesla · illustrative ownership model

STOCK = OWNERSHIP**MAYA · SHAREHOLDER****A part-owner of the business**

Potential reward. Real risk.

Buying a Tesla vehicle makes Maya a customer. Buying Tesla stock makes her a part-owner of the business. Lending it money would make her a lender instead. A share does not give her a particular car, factory or cash register. Her account records her shares, whose market value can rise or fall. The company can keep selling products while investors trade its existing shares with one another.

WATCH OUT

Owning stock does not mean the company promises to return your money.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

In one sentence, tell a friend why buying a car differs from buying its maker's shares.

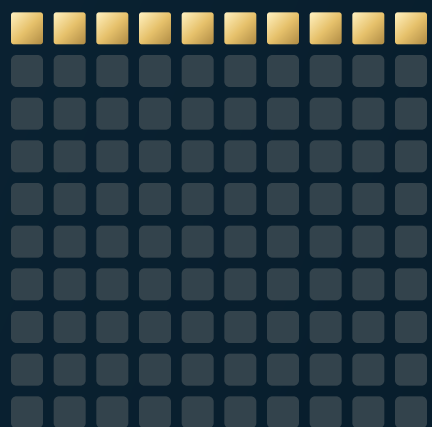
CHECK: A customer buys a product; a shareholder owns an interest; a lender is owed under debt terms.

SOURCES S01 S51



What is a share?

A share is one unit of a company's stock. To understand how much of the company you own, compare your shares with the total number of equal shares.



10%

OWNERSHIP**10 of 100 equal shares**

100 equal shares in this example; Maya owns 10 of them

Imagine a small company with 100 equal shares. Maya owns 10. Her ownership is $10 \div 100 = 0.10$, or 10%. Percent means “out of one hundred.” With 1,000 equal shares, the same 10 shares would be $10 \div 1,000 = 0.01$, or 1%. Real companies can have millions or billions of shares. You need both your count and the company's total to find your ownership percentage. We use equal shares unless a lesson says otherwise.

WATCH OUT

Ten shares does not always mean ten percent. You also need the total.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

Why does your share count need the company's total to show your ownership fraction?

CHECK: Owned shares divided by all equal shares gives ownership fraction; the count alone does not.

SOURCES S01



What is the stock market?

The stock market is the system in which investors buy and sell shares. It connects owners who want to sell with buyers willing to take ownership.

**INVESTOR**

Chooses an order

**BROKER**

Provides access

**MARKET**

Connects trading

Shares can change owners while the company keeps operating.

Think of a network, not one shop or app. Maya sends an instruction through her broker: the firm handling her investment account. It can reach an exchange, such as the New York Stock Exchange or Nasdaq, or another trading destination. Buyers and sellers exchange ownership through that system. The broker is her access point; it is not the whole stock market. Buying a company's product is a separate transaction.

WATCH OUT

The stock market is a place to exchange ownership, not a machine that guarantees profit.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

Explain why your broker's app is an access point rather than the whole market.

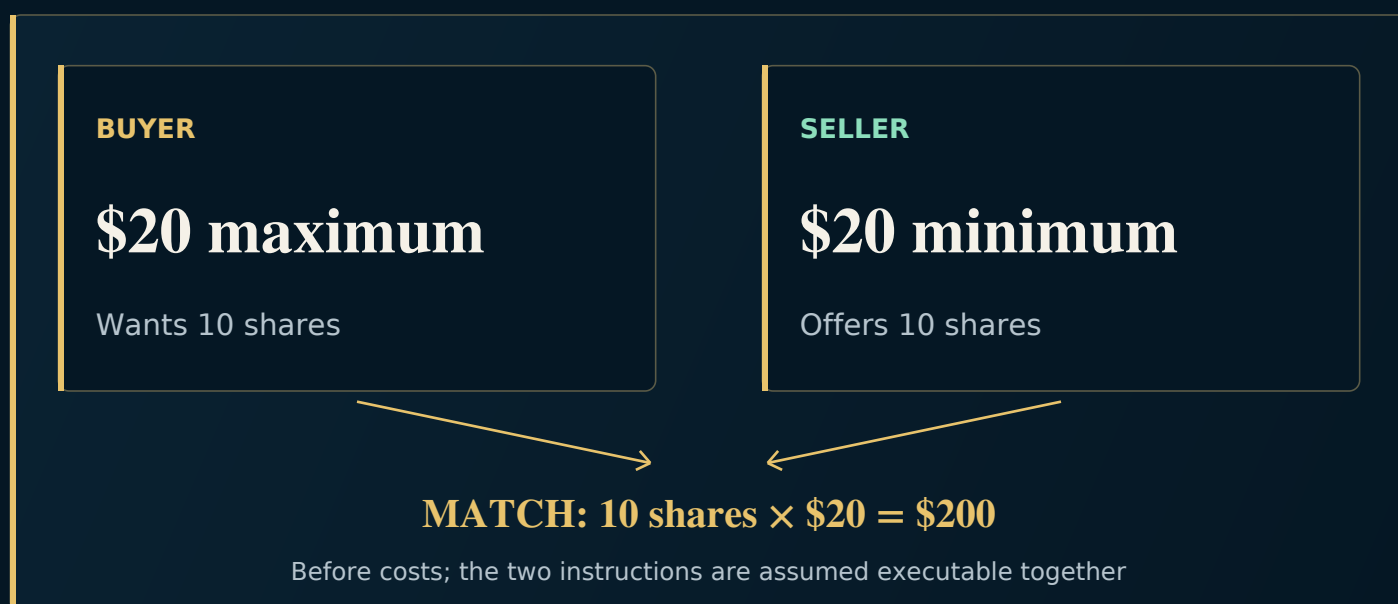
CHECK: Your broker handles your account and instructions; exchanges and other venues connect trading participants.

SOURCES S02 S03



How does the stock market work?

A trade happens when buying and selling instructions can be matched at an acceptable price and quantity. Most of this work is electronic.



Maya is willing to buy 10 shares at \$20. Leo is willing to sell 10 at \$20. If their instructions reach a market where they can execute together, 10 shares change ownership for \$200 before costs. If Leo will accept no less than \$21 and Maya will pay no more than \$20, those instructions do not match. Other orders may still trade. Orders can wait, change or disappear.

WATCH OUT

Pressing Buy does not force another person to sell on your chosen terms.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

What prevents the two instructions from matching when their price boundaries differ?

CHECK: The buyer's maximum and seller's minimum must permit a compatible price and quantity.



How do the basic numbers work?

Keep the units visible: shares count ownership, dollars measure value, and a percentage compares an amount with a stated whole.

VALUE	$10 \text{ shares} \times \$20$	\$200
OWNERSHIP	$10 \text{ shares} \div 1,000 \times 100$	1%
PERCENT TO DECIMAL	$0.20 \div 100$	0.002

Keep the units and the comparison base beside the number.

Holding value = shares $\times$ price per share. Ownership percentage = your equal shares $\div$ all equal shares $\times$ 100. To use a percentage in multiplication, divide it by 100 first: 0.20% becomes 0.002. A \$25 gain on a \$500 starting value is $\$25 \div \$500 = 0.05$, or 5%. Write the starting amount beside the calculation so the comparison stays clear.

COMMON MIX-UP 0.20% is 0.002 as a decimal, not 0.20. The percent sign changes the number's meaning.

CONNECT RECENT LESSONS 001-005

REVIEW ON PAGE 16

Ownership is a fraction; markets match orders; shares and dollars use different units.

What determines your percentage ownership?

A. The price of one share **B.** Your fraction of equal shares **C.** The cash paid for the shares

CHECK: B: Compare owned shares with all equal shares; price measures something different.

SOURCES **S01** **S38**



Why do companies issue stock?

A company can sell newly created shares to raise money. In return, it gives investors an ownership interest rather than an ordinary loan repayment promise.

ASSUMED TESLA SHARE ISSUE · NOT AN ACTUAL OFFERING

NEW SHARES

100,000

Ownership issued

ISSUE PRICE

\$200

Per new share

CAPITAL RAISED

\$20 million

Before issue expenses

$100,000 \text{ new shares} \times \$200 = \$20,000,000$ of company capital before costs.

Imagine Tesla raises capital by issuing 100,000 new shares at an assumed \$200 each. It receives \$20 million before issue expenses. The cash might fund equipment, premises or staff. Investors receive ownership and share the business risks. Borrowing is another way to raise capital, but creates repayment obligations. These are assumed figures, not a report of an actual Tesla offering.

WATCH OUT

Raising money does not guarantee the business will use it successfully.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

Trace the new shares and the company's capital in opposite directions.

CHECK: Investors receive newly issued ownership interests; the company receives capital before issue costs.

SOURCES **S01** **S51**



What is a public company?

A public company has securities available to public investors and applicable public-reporting duties. Being public and being listed on a particular exchange are different questions.

PRIVATE COMPANY

Ownership is not generally available on a public exchange

Information and resale can be more restricted

Access depends on the offering and its rules

PUBLIC COMPANY

Shares may trade through public markets

Investors can examine required public reports

Broker access still depends on the security and account

A family-owned bookstore can remain private. A larger bookstore business might decide to sell shares to public investors. Its first public stock offering is called an IPO: initial public offering. Going public creates more access to its shares, but does not certify that they are a good investment. The next lessons separate an offering from an everyday stock-market trade.

WATCH OUT

Public does not mean government-owned, risk-free or approved as a good investment. Not all public markets provide the same information.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

Why does public reporting help research without proving an investment is good?

CHECK: Reporting supplies evidence to examine. It does not certify business quality, price or future returns.



Who receives the money when you buy?

In a new share issue, money can go to the company. In an ordinary trade of existing shares, the money normally goes to the selling investor.

TWO DIFFERENT TRANSACTIONS · ASSUMED FIGURES

NEW ISSUE

\$20 million**INVESTORS**

Company issues new ownership

TESLA

EXISTING SHARES

\$2,000**MAYA**

Ten existing shares × \$200

LEO

In the ordinary resale, the selling owner receives the cash; the company does not.

Imagine a new Tesla share issue raises \$20 million before expenses. Separately, Maya buys ten existing Tesla shares from Leo at an assumed \$200 each. Leo receives \$2,000 before trading costs; Tesla normally receives none. The new issue is a primary-market transaction; Maya's purchase is a secondary-market trade. An IPO can contain new shares, existing owners' shares or both. Read its documents to see where the money goes.

WATCH OUT

An everyday stock purchase does not usually send fresh money to the company.

EXPLAIN + CHECK / REVIEW 01 ON PAGE 16

Explain who receives the money in each of the two transactions.

CHECK: A new issue can pay the company; an ordinary resale pays the selling investor.



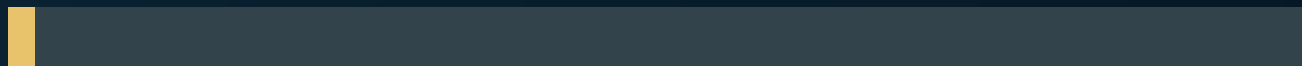
Can you explain stock ownership?

Connect the foundation ideas before moving on: a business issues shares, an investor becomes an owner, and that ownership has both possible rewards and real risks.

OWNERSHIP FRACTION AND MARKET VALUE ARE DIFFERENT

$$20 / 1,000 = 2\% \text{ ownership}$$

ALL 1,000 EQUAL SHARES



Gold = your 20 shares; the full bar = all 1,000.

$$20 \text{ shares} \times \$8 = \$160 \text{ value}$$

A price fall changes value, not this share count or fraction.

Fresh example: a company has 1,000 equal shares. Maya owns 20, so her ownership is 2%. She paid \$10 each: \$200 in total. At a later price of \$8, the holding is worth \$160. Her share count and ownership percentage have not changed. Only the displayed dollar value changed. The company did not take 20% of her shares away.

WATCH OUT

Keep three separate questions: how many shares, what ownership fraction, and what dollar value?

PAUSE + RECALL / REVIEW 01 ON PAGE 16

The price falls, but no shares are issued or traded. Which ownership numbers stay the same?

CHECK: Your share count and fraction stay the same; their market value changes.

SOURCES S01



Shares, ownership and the market

FOUR CONNECTION STEPS / CHAPTER 01

A**Explain ownership****B****Follow the money****C****Separate units****D****Trace a trade**

FIVE IDEAS TO REMEMBER

01 A share is ownership

A stock is an ownership interest in a company; a share is one unit of that interest.

02 The market connects participants

Buyers and sellers submit orders through intermediaries. A trade happens when compatible instructions meet.

03 Follow the money

Newly issued shares can raise money for the company. Buying existing shares normally pays the selling investor.

04 Separate units from percentages

Your ownership percentage is your shares divided by total shares. The share price is a different number.

05 Separate value from ownership

A price fall can reduce holding value without changing share count or ownership fraction. Company cash and your holding value are different records.

KEEP THIS STRAIGHT

Buying a company's shares on the secondary market does not normally send your purchase money to that company.



Your five-question check.

Finish all five before checking. Mark A, B or C on paper or with PDF annotations. Explain a choice in ordinary words.

01 When Maya buys ordinary stock, what does she acquire?

- A** A direct claim on a company building
- B** A lending claim against the company
- C** An ownership interest in the company

02 Leo sells Maya 10 existing Tesla shares for an assumed \$200 each. Who receives the \$2,000, before costs?

- A** Tesla, the issuer
- B** Leo, as the selling shareholder
- C** The exchange, as the trading venue

03 Why might a company issue new shares?

- A** To raise capital in exchange for new ownership interests
- B** To distribute existing profits to owners
- C** To arrange a resale between two owners

04 Which description best explains a stock-market trade?

- A** Compatible orders produce a share transaction
- B** The company sets the resale price between investors
- C** A broker records a request as a completed holding

05 Which describes a public company in this book?

- A** A stock-exchange listing without reporting duties
- B** Ownership by customers rather than outside investors
- C** Publicly available securities with applicable public-reporting duties

ANSWERS + EXPLANATIONS: PAGE 177



Understand every choice.

Award one point per correct choice. Revisit every uncertain answer, then explain the method with changed facts. A score is feedback, not permission to risk money.

01 / C

C: Stock is ownership. A: Owning shares does not assign particular buildings. B: A lending claim is debt, not ordinary stock.

Lesson p. 7

Question p. 17

02 / B

B: An ordinary resale pays the selling owner. A: Tesla receives new-issue proceeds, not this resale price. C: The venue is not selling these shares.

Lesson p. 14

Question p. 17

03 / A

A: A new issue can raise company capital. B: A distribution sends value to owners. C: An ordinary resale pays the selling owner.

Lesson p. 12

Question p. 17

04 / A

A: Compatible buy and sell instructions can execute. B: The company does not set ordinary resale prices. C: A request does not prove a fill.

Lesson p. 10

Question p. 17

05 / C

C: Public availability and reporting are the key ideas here. A: Listing does not remove reporting duties. B: Customers do not automatically own shares.

Lesson p. 13

Question p. 17

06 / A

A: These are possible components of shareholder return. B: Business accounts are not themselves investor receipts. C: A proportional split alone does not create value.

Lesson p. 19

Question p. 34

07 / A

A: Neither fact establishes safety. B: A low unit price does not establish value or risk. C: Preferred priority is not a payment guarantee.

Lesson p. 27

Question p. 34

08 / A

A: Market capitalization uses price times outstanding shares. B: Building value is a different measure. C: Issue proceeds are not total equity market value.

Lesson p. 29

Question p. 34

09 / B

B: An instruction is not evidence of a fill. A: Settlement follows execution; first confirm a fill. C: A requested quantity can remain entirely unfilled.

Lesson p. 26

Question p. 34