



BASIC STOCK TERMS

Beneficial Owner – The individual who enjoys the benefits of owning a security or property, regardless of whose name the title is in. The Securities & Exchange Commission’s rules define the term “beneficial owner” to be any person who directly or indirectly shares voting power or investment power (the power to sell a security).

Common Stock – Securities representing equity ownership in a corporation, providing voting rights, and entitling the holder to a share of the company's success through dividends and/or capital appreciation.

Exchange – Any organization, association or group which provides or maintains a marketplace where securities, options, futures, or commodities can be traded; or the marketplace itself, i.e. the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), NASDAQ.

Directly Held Stock – When an individual owns stock directly, they have sole voting and investment powers over their shares including the authority to gift the shares.

Indirectly Held Stock – When an individual owns stock indirectly, they share voting and/or investment power. Shares owned by family members, foundations, trusts, pension plans, a limited partnership (LP, LLP) or limited liability Corporation (LLC) of which the individual is a principal are examples of shares claimed by individuals as indirectly held by them.

Initial Public Offering (IPO) – The first sale of stock by a company to the public.

Insider – A shareholder who owns more than 10% of equity in a corporation (often institutional investors, for example, pension funds), or an officer (the top five highest paid officers), or a director of a particular corporation.

Option – The right, but not the obligation, to buy (for a call option) or sell (for a put option) a specific amount of a given stock, commodity, currency, index, or debt, at a specified price (the strike/exercise price) during a specified period of time. The following example illustrates how a stock option works:

Restricted Stock - Stock which is acquired through an employee stock option plan or other private means and which may not be transferred. Restricted stock may be forfeited if any of the SEC rules related to it are broken. Unlike options where the individual must buy the stock before owning it, restricted stock is given to the individual at no cost. Like an option, the individual must wait a period of time before gaining voting and investment powers over the shares.

Share – Certificate representing one unit of ownership in a corporation, mutual fund, or limited partnership.

Ticker Symbol – An abbreviation used to uniquely identify publicly traded stock on particular stock exchange (the New York Stock Exchange and NASDAQ are examples of stock exchanges). A ticker symbol may consist of letters, numbers or a combination of both.