

When Was the Stock Market Created?

When it comes to the stock market, there are a lot of questions that people have. One of the most common questions is when was it created? In this blog post, we will take a look at the history of the stock market and how it has evolved over time.

The Birth of the Stock Market

In medieval times, people bought shares in trading ventures as a way to finance exploration and expansion. These early "joint-stock companies" were mostly associated with high-risk projects like voyages to new lands or mining operations. Since there was no legal system to enforce contracts, these investments were often very speculative and risky.

The Dutch East India Company

The first real stock market appeared in Amsterdam in the 1600s. The Dutch East India Company was the first joint-stock company to offer shares to the public, and it quickly became the most valuable company in the world. Investors could buy and sell shares on the Amsterdam Stock Exchange, and the market soon began to include other types of securities as well.

London Stock Exchange

Other than that, there is also London Stock Exchange known as LSE. It was founded in 1571 and has been listed on the London Stock Exchange since 1801. It is owned by London Stock Exchange Group Plc, which holds a controlling stake of 60.7%.

The London Stock Exchange has dealt with the stock markets in good or bad since it started trading the stock market. The Group's three main businesses are LSEG, which operates markets across Europe; LCH Group, which provides clearing services for financial markets worldwide; and Turquoise, an electronic order-routing system for buy-side firms.

US Stock Market History

The US stock market has a long and storied history, dating all the way back to the early days of our nation. The market has seen highs and lows, but it has always been an integral part of the American financial system.

Philadelphia Stock Exchange

The Philadelphia Stock Exchange (PHLX) is the first stock exchange established in the United States and founded in 1792. It was also the first stock exchange in North America. The Philadelphia Stock Exchange is now owned by Nasdaq.

Philadelphia Stock Exchange focuses on currency, equity, and stock market indexes rather than stock trading. Currency options were introduced in 1982, becoming the Exchange's second listed product. Equity options trading on the Philadelphia Stock Exchange began in 1976.

In 2003, Philadelphia Stock Exchange launched the first exchange-traded currency options in the US. Index options were added in 1978 with the introduction of the S&P 100 index option. It trades options on over 100 different equity securities, as well as currency and index options.

New York Stock Exchange

The New York Stock Exchange (NYSE) is the most powerful stock exchange in the US and it is also the largest. Wall Street, located in Lower Manhattan, is home to the NYSE.

In May of 1792, 24 brokers signed an agreement under a buttonwood tree on what is now Wall Street to establish commissions for trading securities. This event is considered to be the birth of the New York Stock Exchange. The first stock ticker was invented in 1867 which helped to spur growth in the stock market by allowing for more efficient price quotes.

American Stock Exchange

The American Stock Exchange (AMEX) is a stock exchange located in New York City and was formerly known as the New York Curb Exchange. It is the oldest of the five exchanges that currently comprise the New York Stock Exchange Group.

It traces its history back to 1903 when it was founded as an alternative trading platform for small securities. The exchange changed its name from the New York Curb Market to American Stock Exchange in 1936.

NASDAQ

The Nasdaq (National Association of Securities Dealers Automated Quotations) is the second-largest stock market in the US after the New York Stock Exchange.

It is a Self-Regulatory Organization (SRO) that operates an electronic stock market in the United States. The NASDAQ Stock Market is home to over 3,000 companies and has a market cap of \$15 trillion. It was founded in 1971, with its headquarters located in New York City.

The NASDAQ has been around since 1971, but it was not until 1973 when it officially moved to its current location at 11 Wall Street. In 1975, it became listed on the American Stock Exchange (AMEX). In 2000, it moved from American Stock Exchange to Nasdaq.

The NASDAQ was created as an alternative to the New York Stock Exchange (NYSE) because many investors felt that New York Stock Exchange was too exclusive and closed off to small investors. It still exists today and trades stocks based on company size.

On this exchange, only large companies can trade their shares; whereas on Nasdaq anyone can trade as long as they meet certain requirements regarding liquidity and price range of their stock.

The Dow Jones Industrial Average

The Dow Jones Industrial Average (DJIA) is the most well-known stock market index in the United States. It is made up of 30 large publicly traded companies. The Dow Jones Industrial Average is a price-weighted index which means that the stocks with the highest share price have the biggest impact on the index.

The 20th century saw a number of major events that affected the stock market including two world wars, the Great Depression, and various financial crises.

The first stock market crash occurred on October 29, 1929, which is also known as Black Tuesday. This event marked the beginning of the Great Depression, a time when the US economy and stock market plummeted.

In recent years, there have been a number of financial crises including the dot-com bubble burst in 2000 and the subprime mortgage crisis in 2008. These crises caused major losses in the stock market and shook investor confidence.

Despite these setbacks, the stock market has continued to grow and evolve. In recent years, there has been an increase in electronic trading which has made it easier for people to buy and sell stocks.

There are also a number of new investment products such as exchange-traded funds (ETFs) and mutual funds that offer diversification and provide different ways to invest in the stock market.

Stock Market Regulation

The stock market is regulated by a number of different organizations including the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), and the New York Stock Exchange (NYSE).

Securities and Exchange Commission

The Securities and Exchange Commission (SEC) is an independent agency of the United States federal government. The SEC was created by Section 4 of the Securities Exchange Act of 1934 (now codified as 15 U.S.C. 78d), which called for the regulation of securities markets to prevent and reduce fraud and to protect investors. The SEC has a staff of about 4,000 employees.

The SEC's mission "is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation."

In fulfilling its mandate, the SEC enforces federal securities laws, including issuing rules and regulations that define what activities are permissible in the securities markets and requiring disclosure of market information when necessary to protect investors.

The SEC also enforces compliance with its own rules through administrative proceedings. In addition, it polices actions by registered management investment companies (e.g., mutual funds) and securities firms under its jurisdiction.

Financial Industry Regulatory Authority

The Financial Industry Regulatory Authority (FINRA) is an independent, non-governmental regulatory organization that oversees securities firms doing business in the United States.

FINRA was created in 2007 and replaced the National Association of Securities Dealers (NASD), which had been a self-regulatory organization since 1975.

FINRA's mission is to protect investors, maintain fair and orderly markets and facilitate capital formation. The organization oversees all registered brokerage firms, which are required to meet minimum regulatory standards as well as a Code of Conduct that prohibits fraudulent and manipulative activities.

FINRA oversees about 4,400 securities firms — including brokerage houses, banks, and insurance companies — that help more than 100 million Americans invest their savings through stocks, bonds, and mutual funds.

The NYSE is a stock exchange that is regulated by both the SEC and FINRA. The NYSE has its own set of rules and regulations that govern how stocks are traded on the exchange.

Final Thoughts

The stock market has come a long way since its creation in the 16th century. Today, it is an essential part of the global economy and one of the most important tools for traders around the world. While there have been many changes over the years, the stock market remains a critical piece of our financial system.