



Learning outcomes: Lesson 2

How the Sharemarket works: the Primary and Secondary markets

Students

- **Understand** the features of different legal business structures.
- **Outline** the differences between a private company and a public company.
- **Distinguish** between the primary and secondary markets.
- **Identify** how the ASX, laws, and governments work to minimize risk to investors.
- **Identify** how company announcements on the sharemarket may impact on supply and demand.

Students work through lesson 2 and explore how the primary and secondary markets work. As part of this they explore the features of the different types of legal structures and the influences of ASX, laws, and ASIC on companies. Finally, they then learn about how the market forces of supply and demand impact on share price.

General Capabilities related to this lesson

- Literacy
- Numeracy
- Critical and Creative Thinking

Terminology (Skill Directives)

Identify – Recognise and name; Establish or indicate who or what someone or something is.

Outline – Sketch in general terms; indicate the main features of; Plan, collect and interpret data/information and draw conclusions about.

Explain – Relate cause and effect; make the relationships between things evident; provide why and/or how.

Distinguish – Recognise or note/indicate as being distinct or different from; to note differences between.

Analyse – Identify components and the relationship between them; draw out and relate implications.

Links to Curriculum

Australian Curriculum

Subject: Economics and Business

- Year 8
- Year 9

NSW

Subject: Commerce

- Core 2: Economic and Business Environment
- Option 2: Investing
- Option 4: Running a Business

Subject: Business Studies – Preliminary

- Nature of Business

QLD

Subject: Business (General Senior Syllabus)

- Topic 1: Fundamentals of Business

VIC

Subject: Business Management (VCE)

- Unit 1: Planning a Business

SA & NT

Subject: Business Innovation

- Stage 1

WA

Subject: Accounting and Finance

- Year 12 – Unit 3

ACT

Subject: Business

- Changing Business Environment

Glossary

Dividend

A sum of money paid by a company from its profits to its shareholders.

Capital Growth

An increase in the value of funds invested over time.

ROI

Return on investment

Cth

Corporations Act 2001

ASIC

Australian Securities and Investment Commission

Prospectus

Document that describes the activities (including financials) of a business to prospective investors.

Regulated

To control the activities of businesses by means of rules and regulations.

Investors

A person or business that puts money into the purchase of company shares with the expectation of financial return.

Float

The initial time a company issues shares in the Sharemarket.

Unlimited liability

When the owner of a business holds all legal responsibility for the financial performance of the business, particularly when the business has financial difficulties.

Broker

An organization or person used by a shareholder to manage the process of buying and selling of shares.