



Glossary

Khartoum Stock Exchange (KSE)

A **stock exchange** is a form of exchange which provides services for stock brokers and traders to trade stocks, and other securities, accordingly KSE is the only agency authorized as a formal market for trading securities in Sudan.

Annual Report

The formal financial statement issued yearly by a publicly owned corporation, showing the firm's assets, liabilities, revenues, expenses and earnings.

Offer Price

The lowest price at which an owner will sell a given security (also called Offer Price).

Asset

Anything a person, company, or group owns or is owed, including money, investments, and property.

Balance Sheet

A financial statement for a firm showing the company's assets, liabilities, and capital on a given date.

Bid Price

The highest price an investor is willing to pay to purchase a given security.

Bid-Ask Spread

The difference between the bid and ask prices.

Book Value

A company's total assets minus intangible assets and liabilities (also called Common Shareholder's Equity).

Broker

An individual or company who handles public orders to buy and sell securities, commodities or other property on the behalf of clients. A commission is charged for this service.

Brokerage Fee

The broker's basic fee for purchasing or selling securities on behalf of another party, usually a percentage of the amount of the transaction.

Buy

The act of completing a transaction in which an individual takes the title to a security in exchange for cash.

Buy Order

An order to buy securities.

Canceled Order

A buy or sell order that has been cancelled prior to its execution.

Capital Gain

Profit made on securities by selling the security for a higher price than was paid for that security.

Capital Markets

A market where securities are bought and sold.

Certificate

The piece of paper that is evidence of ownership of stock in a company.

Clearance

The post-trade and pre-settlement matching of trade details for the purpose of confirming the trade and allowing settlement.

Closed-End Mutual Fund (Fixed Capital Mutual Fund)

A mutual fund that has shares which are readily transferable in the open market and are bought and sold like shares of stock. The number of fund shares remains finite, as opposed to an open-end mutual fund.

Closing Price

The price of the last trading transaction in a trading session, executed on a specific security.

Commission

The broker's basic fee for purchasing or selling securities on behalf of another party, usually a percentage of the amount of the transaction. .

Current Assets

A company's assets that are expected to be realized in cash, sold, or consumed within the next year.

Current Liabilities

Money owed by a company to be paid within the next year.

Custody

Safekeeping of securities for institutions and individuals generally including settlement of trades, collection of income, and processing of corporate actions.

Custodian

Financial institution that maintains custody of stock certificates for institutional individual clients.

Day Traders

Individuals who seek to establish and liquidate the same position for profit within one day's trading.

Market Depository Center

A central securities repository where physical securities are kept in a vault and owners are tracked via book entry system without the delivery of those securities when transactions occur.

Disclosure

The release by companies of all information positive or negative that might bear on an investment decision as requested by the Khartoum Stock Exchange.

Diversification

The act of spreading one's investments across different types of securities and various companies in different fields in order to minimize risk.

Dividend

Distribution of earnings to shareholders, usually paid in the form of money or stock (see Stock Dividend).

Dividend Yield

Calculated by dividing the amount of the annual dividends per share of stock by the current market price per share of the same stock, resulting in the annual percentage of return earned by an investor on a stock.

Earnings Per Share (EPS)

Calculated by dividing after-tax net income by the total number of shares outstanding. Shows the portion of a company's profit allocated to each outstanding share of common stock.

Electronic Trading

Trading which is conducted via electronically linked computers to the exchange, enabling brokers to carry out transactions in locations other than the Khartoum Stock Exchange.

Equity

Ownership interest in a corporation.

Executed Order

A completed buy or sell transaction.

Execution

The act of carrying out a trade.

Face Value

The amount of money the issuing company or government promises to pay for a bond at maturity.

Final Settlement

The completion of a transaction when delivery of all components to a trade has been accomplished.

Financial Services Companies

The companies licensed by the Khartoum Stock Exchange to perform the activities of investment trusteeship, investment management, financial consultations, brokerage or custodial activities.

Fiscal Year

Any continuous 12-month period that a company or government uses as its annual accounting period..

Held to maturity

A held to maturity security is a debt or equity security that is purchased with the intention of holding the investment to maturity. This type of investment is not affected by the fluctuations in the financial markets.

Holding Company

A corporation that owns the securities of another company, usually with voting control.

Income Statement

A report on a company's financial status describing revenues and expenses over a specific period of time.

Investment Manager

An professional responsible for managing the investments of institutional and individual clients.

Inflation

An increase in the prices for goods and services in a particular country.

Initial Public Offering (IPO)

A corporation's first offering of stock to the public.

Investment Fund

An established fund which pools funds from investors in order to purchase a wide variety of financial instruments that will meet the fund's investment goals.

Issuer

Corporation that originates securities in the primary market for the purpose of raising capital.

Liabilities

The claims against a corporation, including, but not limited to, accounts payable, salaries payable, dividends declared payable, debenture bonds, and bank loans.

Limit Order

An order to buy or sell a stock at a customer specified price.

Liquidity

Ease with which a security can be traded on the market.

Listed Securities

Stock or bond that has been accepted for trading in the Khartoum Stock Exchange.

Maturity Date

The date a debt security expires and the date that the principal amount of the debt must be paid by the borrower to the investor.

Market Order

An order to buy or sell a stock at the market's current best displayed price, given one's position.

Market Price

The order price which is the best-bid price in case of a buying order, or the best-ask price in case of a selling order.

Maturity Date

The date on which the principal amount of a bond is to be paid in full.

Merger

A voluntary combination of two or more companies whereby both stocks are merged into one.

Mutual Fund

An established investment fund whereby an investment company pools funds from investors in order to purchase a wide variety of financial instruments that will meet the fund's investment goals.

New Listing

A security that has just begun to trade on the stock exchange.

Offer Price

The price for which a seller is willing to sell his security holding (also called, Ask Price).

Open-End Mutual Fund (Variable Capital Mutual Fund)

A mutual fund where the capitalization is not fixed. The mutual fund company will continually sell or redeem its own shares to meet investor demand, as opposed to a Closed-End Mutual Fund.

Open Order

An order that has been placed with the broker, but not yet filled or cancelled.

Open Price

The price of an order sent in the pre-opening phase to buy or to sell as security at the opening price.

Opening Price

The price of the first trading transaction in a trading session, executed on a specific security.

Ordinary Order

An order to buy or sell a specific security, which the broker can offer or demand through the trading system.

Par Value

The principle amount that will be paid at a debt instrument's maturity.

Paying Agent

The place or company where the capital and profit margins are payable by Sudan Financial Services Company (SFSC).

Portfolio

The group of investments and cash held by an individual.

Preferred Stock

One of two major types of stock an investor can purchase in a company. Investors who hold preferred stock have voting rights at the company's annual stockholders' meeting and, if dividends are distributed, are guaranteed to receive dividend payments before Common Stockholders.

Price/Book Ratio

Calculated by dividing a stock's price by its book value per share. Used to assess whether a stock is overvalued or undervalued.

Price to Earnings Ratio (P/E Ratio)

Calculated by dividing the current price of a stock by the reported actual or forecasted earnings per share of the issuing firm.

Primary Market

The market in which financial instruments are issued for the first time. After issuing on the primary market, the stock is then sold to the public in the secondary market.

Principal

The original amount or face value of a bond or certificate of deposit.

Privatization

The act of a government transferring state-owned or state-run companies to the private sector, usually by selling them.

Prospectus

A document detailing a new offer for public securities. The prospectus provides financial

background information of the issuing company, how the proceeds from the sale of securities will be used, and other information that aids a potential investor in deciding whether or not to participate in the new issue.

Proxy

Written authorization by a shareholder to allow someone else to represent him and his vote at a corporation's annual shareholders' meeting.

Public Shareholding Company

A company whose shares may be purchased by the public and whose share capital is not less than a statutory minimum.

Redemption

The paying off or buying back of a Sukuk by the issuer.

Shahama Sukuk Renewal

The replacement of a Shahama issue with a new Shahama issue.

Registrar

An organization with the responsibility of keeping a record of the owners of securities; Sudan Financial Services Company (SFSC).

Rejected Order

An order that is invalid or unacceptable by the Khartoum Stock Exchange (KSE)

Return on Assets (ROA)

A percentage calculated by dividing a company's net income from the previous year by its common stockholder equity. Indicator of profitability.

Safekeeping

The holding of a physical or book entry security by a depository or custodian.

Second Market

Part of the Secondary Market through which trading takes place in securities subject to special Khartoum Stock Exchange listing rules.

Secondary Market

Market where previously issued securities are bought and sold.

Sector

A group of securities similar with respect to industry, maturity, type, rating, and/or coupon.

Securities

Securities are a financial instrument that represents: an ownership position in a publicly-traded corporation (stock). Securities allow you to own the underlying asset without taking possession. For this reason, securities are very easily traded and are very easily liquidated.

Securities Law

The Securities Law of 1994. This Law regulates the Khartoum stock exchange market. One institution was established under this Law: the Khartoum Stock Exchange market Law.

Security

Instrument that signifies an ownership position in a corporation (a stock), a creditor relationship with a corporation or governmental body (a bond), or rights to ownership (e.g., option).

Sell Order

An order to sell securities.

Settlement

The conclusion of a securities transaction when a customer pays a broker or dealer for securities purchased or delivers securities sold and receives payment from the broker.

Settlement Date

The date on which both parties of a transaction agree to deliver securities or pay cash.

Shares

Certificates or book entries representing ownership in a company.

Share Repurchase

The process in which a corporation buys back previously issued shares of its own stock in the open market.

Shareholders' Equity

See Stockholders' Equity

Split

The division of a corporation's outstanding shares into either a larger or smaller (reverse split) number of shares without any impact on shareholder equity.

Stock

Equity ownership of a corporation through the purchase of shares.

Stock Dividend

Payment of a corporate dividend in stock rather than in cash.

Stock Index

An indicator used to measure and report changes in prices of a selected group of stocks. How a particular stock index tracks the market depends on its composition - the sampling of stocks, the weighing of individual stocks, and the method of averaging used to establish an index.

Stock Market

A market in which shares of stock are bought and sold.

Stockholders' Equity

The value of all stock of a particular company owned by the shareholders of that company.

Calculated by subtracting a company's total liabilities from its total assets or a corporation's paid-in capital, donated capital, and retained earnings less its liabilities (also called, Shareholders' Equity, Net Worth, and Owners' Equity).

Stop Order

An order to sell if and when the market price falls to a specified amount.

SWIFT (Society for Worldwide Interbank Financial Telecommunication)

Communication network providing secure lines of trades and/or cash communication to financial institutions globally. Customers include banks, broker-dealers, securities depositories and clearing organizations, investment managers and stock exchanges.

Third Market

Part of the Secondary Market through which trading takes place in securities that are not listed in the Khartoum Stock Exchange.

Time Limit Order

A customer order that designates the time during which it can be executed.

Trade

To carry out a transaction of buying or selling stock or a bond.

Trade Balance

The difference between a nation's imports and exports of merchandise

Trade Settlement

Delivering securities in return for cash.

Trader

An individual who buys and sells securities for his own account for personal gain or an individual who buys and sells securities on behalf of a broker or financial institution for the firm and its clients.

Transaction

Execution of an order to buy or sell securities.

Underwriter

An investment bank that agrees to purchase a new issue of securities from an issuer and distribute it to investors, making a profit on the fees charged for this service.

Unlisted Security

A security not listed on an exchange.

Volume

The number of purchases or sales of securities contracts made during a specific time period, often the total transactions for one trading day or week.

Yield

A measure of the amount of money returned to an investor on his investments.

Yield to Maturity

The rate of return an investor receives if a security is held to maturity.