A share is a claim on a business

> **ORDINARY SHARE**
>
> A fractional ownership claim on a company: a share of whatever profits are paid out, a vote on how it is run, and a residual claim on what remains if it winds up. Unlike every instrument in the previous tracks, it is not a contract with a counterparty or a promise about a number - it is a piece of the thing itself, and it never expires.

Stocks, shares, equities: three words for the same thing, and this track uses all of them. If you came looking for how to trade stocks or shares, you are in the right place - equities is simply the professional term for them, and the one the rest of the course will use.

Three tracks in, everything you have traded has been a contract about something. This track is where you can finally hold the something.

What ownership actually confers

A share is a slice of a company: a claim on distributed profits - dividends, when the board declares them - a vote at the meetings that appoint the board, and a residual claim on the assets if the business is wound up, after every creditor is paid. That last clause matters at both ends: it is why a share can go to zero when debts exceed assets, and why it can compound for decades when the business grows. No index calculates it, no expiry terminates it, no roll charges rent on it.

What ownership is not

It is not a claim on the company's revenue, office or products - the company owns those; you own a share of the company.It is not a promise of income: dividends are declared, not owed, and plenty of good businesses pay none.It is not the only way to trade the name: the CFD layer from earlier tracks exists here too, and lesson 5 separates owning from referencing.

Why the difference runs through everything

Because the share never expires, time works differently in this track. There is no contango bill, no funding meter on a cash position, no calendar with teeth - and module 4 will show the cost of that freedom: nothing ever forces your hand, which means the discipline the other tracks' mechanisms imposed must come entirely from you. One more thing exists from day one: companies split their shares, pay dividends, issue rights - corporate actions, which change what you hold without you trading. They get a passing mention now and a full module later; module 8 is theirs.

Check your understanding

1. How does a share differ from every instrument in the FX, indices and commodities tracks?

a. It is more liquid

b. It is ownership of the thing itself - no counterparty contract, no expiry, no reference to something else

c. It cannot lose value overnight

Answer: b. Prior tracks traded contracts about things - currencies' relative price, an index number, a barrel's delivery. A share is a claim on the underlying business, held for as long as you choose.

2. Why can a share go to zero when an index cannot?

a. Shares are less regulated than indices

b. The claim is residual: creditors are paid first, and a single business's debts can exceed its assets - while an index replaces its failures and recalculates

c. Exchanges delist shares that fall too far

Answer: b. Ownership means owning the downside after the creditors. An index is a calculation over survivors; a share is one company's actual fate - which module 4 treats as the defining equity risk.