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# **Penny Stocks: Are Penny Stocks Legal?**

They don't trade on the main stock exchanges. They have not been approved by the SEC, but nor have they been disapproved by the SEC. They are labeled as a high-risk investments. Very little is even known about them, and they're often used in Internet e-mail spam scams. ...Are penny stocks even legal to invest in?

Though they may sound scary and they may be unknown, even a little mysterious, there's nothing illegal about investing in penny stocks. There's a lot of information out there, a lot of it bad and much of even frightening, but investing in penny stocks doesn't mean that you are breaking a law.

It means you're taking a chance, but there's nothing illegal about that, is there? Yes, penny stocks are considered high-risk investments, but for a relatively small price investors can buy shares and (one hopes) turn around to make a large profit. This is the draw of penny stocks, what makes them compelling.

Also, when you buy penny stocks through a broker, you should get regular updates. Once a month, you'll get information about your penny stocks and what their status is. This is something your broker has to do if you've invested in penny stocks, something that the broker is actually required to do. This lets investors track the progress of their stock.

The only trouble is, sometimes things happen very quickly in the world of penny stocks. These stock infrequently trade, and when they do trade they are not traded through the well-known and established stock exchanges. This makes it hard to both buy and sell penny stocks, so some investors are afraid of getting "stuck" with a stock that they can't unload.

However, a stock's risky nature doesn't make it illegal, or even a bad investment. There are many things that are risky (like driving), but many people don't let high risk stop them. In the world of stock investing, there is often risk involved. Perhaps penny stocks are considered riskier than some, but at the same time there is great potential to make a lot of money by investing in these penny stocks.

Penny stocks are low-priced, shares of companies that are generally on the small scale. These stocks are traded "over-the-counter" rather than on public exchanges, and this is why many investors know very little about penny stocks in general. To find more information about penny stocks, you can talk to your broker or do a little research in business journals and the like. There is information out there, and there are investment opportunities available. It's just a matter of finding the right ones for you.

If you're considering an investment in penny stocks, it's okay. Risky, yes. Mysterious, definitely. Potentially big? Sure. But illegal? No, not at all. At least right now, penny stocks are traded completely legally and under the guidelines of the SEC. Investing in these stocks can be a little exciting and a little dangerous, but you won't wind up in jail.

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