

File Created by [Blogging Rebirth](#) WP Plugin

Trading of penny stocks

Introduction to penny stocks: The trading of the regular stocks is generally takes place at the various stock exchanges, however penny stocks trading generally takes place outside of the national stock exchanges such as NYSE and NASDAQ. In general penny stocks are traded in over the counter market or OTCBB and pink sheets and some of the shares are available for pennies. A few penny stocks has a huge potential to reach the better levels and even competes the regular stocks, however there is a need to correctly identify these stocks. Smaller companies whose market capitalization is below 5 million offer the penny stocks and as soon as the company grows, there is a sharp increase in the penny stock prices.

Share markets:

The major stock exchanges include the NYSE, NASDAQ, OTCBB and pink sheets. Penny stocks are generally traded at OTCBB and pink sheets, however as per the guidelines of SEC penny stocks can be traded in all the exchanges.

There are various minimum requirements for listing of shares by the companies at NYSE and NASDAQ. There is only one requirement for trading of penny stocks at OTCBB and that is the company should remain current in SEC filing. There is no place for a penny stock quotation if the stock does not meet the minimum standards set by different stock exchanges or OTCBB. Sometimes the penny stocks already being quoted at OTCBB, do not meet the SEC requirement will be allowed a certain period for completing the formalities and if the companies do not fulfill the required condition even after a 30 or 60 period of grace time, the penny stocks will be removed from their listing.

Pink sheets play a major role in over the counter trading. National Quotation Bureau or NQB provides this service. In actual the NQB prints the details of share prices and other information on pink sheets, as it is difficult to obtain the prices of these shares otherwise. Most of the time brokers get the price and other information on penny stocks from market makers and provide it to the customers. In today's Internet era, you can find the details of penny stocks just a click away at the website of pink sheet. A company has to meet the minimum requirement of pink sheet for listing and quoting of the share at pink sheets.

Companies prefer to list the shares at NYSE, as it is highly preferred stock exchange. The next preference is given to NASDAQ and then comes the NASDAQSC. NASDAQ in recent past has become more popular and companies who have listed their shares at NYSE are also interested to list the shares in NASDAQ. The last preferences are OTCBB and Pink Sheets.

Summary: Various stock exchanges have laid down the minimum requirement for listing of the shares at the stocks exchanges. Pink sheet has the minimum requirement for listing of shares. However in this age of Internet the share information can be gathered at the website of pink sheets.

You can also find this article published on [Trading of penny stocks](#)