

Buying and Selling shares and investment products on ASX





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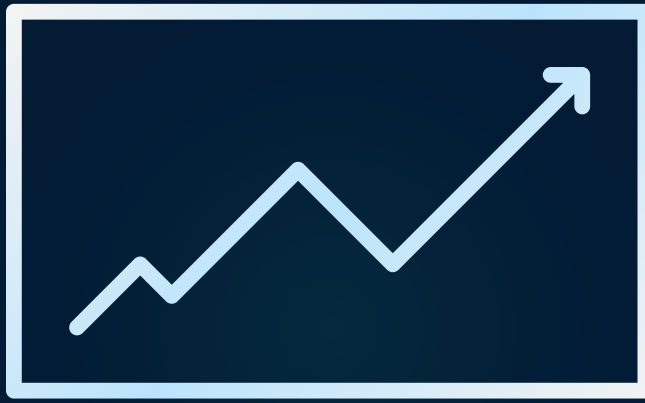
This is the third in a series of brochures about starting to invest. In this brochure we look at the process of buying and selling shares and investment products, like Exchange Traded Funds (ETFs), on ASX, and finding a reputable stockbroker, as well as the costs involved in the process.

ASX is like a physical market – with people buying and selling – except on a much larger scale. And, like a physical market, buyers and sellers need to agree on a price for a transaction to occur. The matching of buyers and sellers – and price – on ASX has been largely automated using technology that makes the entire process nearly instantaneous.

How you interact with the market can vary depending on your personal circumstances and goals.

If you have not done so already, review the first brochure in this series to see the key features of different investment options that are available to investors through ASX.

Read brochure two and find out more about different ways you can invest and about different holding and ownership structures for ASX-listed investments.



What is the role of a broker?

Brokers are the people and organisations that execute trades in share markets. Brokerage firms are generally broken down into two categories: **full-service brokers** (who may in some situations also act as financial advisers) and **online/no-advice brokers**. When you buy or sell shares using a broker, you pay “brokerage” for each trade. This is the stockbroker’s fee for executing the trade.

For more information on brokers, including the different categories of brokers available to investors, read brochure two in this series, “[Ways to Invest](#)”.

What is the role of a financial adviser?

A **financial adviser** can provide you with advice on ways to invest your money. An adviser can help you understand your financial needs and objectives, and can develop an investing strategy to help you achieve your financial goals.

A financial adviser may act as a standalone financial advisory service, or may provide financial advice services as part of their broader role as a full-service broker. In some cases, a financial adviser can also provide advice and services with respect to your broader financial matters, like insurance and tax.

How to find a reputable broker and/or financial adviser

Before committing to a broker or financial adviser, you should check that they have an Australian Financial Services Licence (AFSL), which **must** be held by any entity that is carrying on a business in Australia that provides financial advice, or financial products and services. You can conduct a free ‘Professional Register’ search of any individual or organisation on the [ASIC Connect website](#) in order to find out whether they have an AFSL.

All of the advisers contained in our ‘Find an Adviser Tool’ operate under an AFSL.

 [Click here to use our Find an adviser tool.](#)

Before they provide you with any financial advice or services, your broker or adviser is required to provide you with a copy of their Financial Services Guide (FSG), which contains certain information about their fees and services and about your rights as a client.

Receiving professional advice can be valuable no matter where you are in your investment journey. If you are seeking advice, your broker or adviser will want to learn about your personal and financial circumstances and objectives before making recommendations to you.

Not all brokers have access or the ability to trade directly on all financial markets. When considering whether to engage a particular stockbroker, you should check whether they are a participant of the market in which you want to invest. You can check whether a broker is a [participant of ASX on our website](#).

If a financial adviser or other business that offers a service to buy and sell shares or other investments on your behalf, are not a participant of a licensed market like ASX, they cannot enter orders directly into that market to buy and sell those investments. Instead, they will need to take your order and pass it to a broker that is a participant of the ASX, and will likely charge you a fee for this service.

 [Find a broker or adviser.](#)

How to open an account with a broker

To open an account with a broker (whether a full-service or online broker), you need to be over 18 years old and an Australian resident with a valid Australian address. You will need to provide the following documents and information to the broker:

- Identification which confirms your name, address and date of birth
 - A valid Australian drivers licence
 - Another form of identification such as your passport, birth certificate or citizenship certificate
- Australian bank account details
- Tax file number (if applicable)

What are the costs of brokerage services

Costs can vary significantly depending on the type of service you're receiving. Minimum fees can range from around \$10-\$30 per trade for online brokers, to between around \$50-\$150 per trade for a full-service broker. This fee generally includes any fees charged by the stock exchange to the broker.

The process of placing a buy or sell order on the ASX market

While brokers and platforms can automate some parts of any market transactions that you make, it's important to understand how to place an order to trade in shares.

If you're using an online broker, you'll likely need to submit the instructions for your trade order through an online platform. While there will be nuances with each broker, the process will generally be as follows:

- Enter the stock or product code for the company or investment product you wish to trade. The code, also known as a ticker, identifies a company or investment. It will be made of letters and/or numbers. For example, the code for Commonwealth Bank of Australia shares is 'CBA'.
- If you don't know the code, [you can look it up here on the ASX website](#).
- Enter the total number of shares or units you want to buy or sell.
 - As an alternative, when buying shares or units, you can choose to enter the total amount of money you want to spend when buying shares or units, as well as the maximum price per share or unit you want to pay. The system will calculate how many shares or units may be purchased based on those pricing parameters.
- Choose to set a price limit on your order, or choose to transact at the market price.
 - As mentioned above, for buying orders, you can set the highest price you are willing to pay per share or unit.
 - For selling orders, you can set the lowest price you're willing to accept per share or unit.
 - There may be an option to buy "at market" which will buy shares or units at the lowest available price at the time of ordering. There will normally be bid and offer information which shows the highest price a buyer is willing to pay for the stock or unit and the lowest price someone is willing to sell for.
 - The last price will show how much was paid per share or unit at the last transaction.
- Choose if you would like your order to expire at the end of the trading day ("good for day") or until a nominated expiry date ("good till expiry").
- You will see an estimate of your order costs, which will include brokerage costs.
 - Submit your order
 - A trade occurs whenever a buy order is matched with a sell order.
 - Orders are generally matched according to the price and in the same sequence they were entered in the platform.
 - When the trade is completed, you'll receive a notification of the trade.
 - When you buy, you will need to pay for your securities within two days (T+2) of your broker executing your order.

When you use a full-service broker, it is likely that the broker will complete these steps for you, after obtaining your instructions on the information to be entered at each step.

Placing an order in mFunds

ASX provides investors with access to unlisted managed funds, called mFunds. These products are not traded on the exchange like shares or ETFs. Instead, when an investor wants to buy an mFund they place an order through their broker, which is sent to the fund manager via the ASX mFund Settlement Service.

Once the order has been completed, the units in the mFund are issued to the investor and held on your HIN (Holder Identification Number) alongside your other ASX listed investments.

For more information on the steps to invest in mFund, please visit our [mFund](#) page.

Improving your investment knowledge

Expanding your knowledge base about investing options and companies can help you make decisions about your future investments. ASX offers a number of resources to help you become a better investor. You can:

Create a watch list in the [Personal Investor](#) portal to track shares you are interested in and changes in their estimated value.

Access ASX's online courses on different investment products including Shares, Options, AGBs, Bonds, ETFs and ETPs.

Use analysis tools to help you make smarter buying and selling decisions.

Review Broker reports, which are research reports on under-covered, small-cap ASX-listed companies generated under the ASX Equity Research Scheme.

Participate in the Sharemarket Game to learn about the process of trading, selecting shares, and growing your investment capital using virtual cash.

Attend **seminars and webinars** like Investor Day, CEO Connect, and the Small and Mid-Caps Conferences held each year to develop your knowledge of shares and other listed investment products, with information from ASX and industry experts.



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Content correct as at October 2022.

