GLOSSARY

JP Jenkins

Terminology in the world of finance can often be confusing or misleading, with documents filled with abbreviations. Below we aim to demystify some of the content and wording:

Liquidation - How a company is brought to an end of existence, with any proceeds of assets distributed by a statutory process.

Mergers & Acquisitions - The consolidation of companies though a number of possible transactions.

Open Offers - An offering of securities to existing shareholders. The number of new securities offered is typically in proportion to the number of existing securities held by each holder. Holders are not obligated to purchase the securities offered, the rights to which are non-transferable.

Redemptions - The redemption of securities (typically bonds) on or before the date of maturity, usually where a call option for the Issuer is inbuilt.

Rights Issue - An offering of securities to existing shareholders to comply with pre-emption rights of existing holders. The number of new securities offered is typically in proportion to the number of existing securities held by each holder. Holders are not obligated to purchase the securities offered, but can sell the rights to the new shares.

Spinoffs - A new company, often created from a part of an existing firm. New company securities are typically issued to current shareholders.

Stock Splits - An increase in the number of units of a security outstanding by issuing more units to holders of record on a given date.

Buybacks - A firm that buys its own securities back to reduce the number outstanding.

Consolidation (often called a Reverse Stock Split) - A decrease in the number of units of a security outstanding by one of a number of possible means.

Capital Repayment - A Capital Repayment (or Return of Capital) is a corporate actions event whereby the initial capital paid by the shareholders is paid back to those shareholders. A Capital Return differs from a Cash Dividend as a Capital Repayment is paid by decreasing a company’s equity, whereas a Cash Dividend is paid from the Company’s profits.

Dividends/Coupons - Payments of entitlements due to holders of securities (dividends for equities, coupons for bonds).

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Tender Offer - This is a form of takeover, usually a hostile takeover as it does not require the consent of the company's board of directors. The acquiring company will offer to buy shares from the target's shareholders, usually at a premium to market price.

CREST - CREST is the UK-based central securities depository that holds UK equities and UK gilts, as well as other international securities.

ISIN: International Securities Identification Number. A code that uniquely identifies a specific security. The organisation that allocates ISINs in any particular country is known as the National Numbering Agency (NNA).

LEI: Legal Entity Identifier

A code that uniquely identifies legal entities participating in any financial transaction, such as an issuer of securities.

AGM: Annual General Meeting, Annual General Meeting. A mandatory, public, yearly, gathering of a publicly traded company.

IPO: Initial Public Offering. An IPO is the first sale of stock by a company to the public. A company can raise money by issuing either debt or equity. If the company has never issued equity to the public, it's known as an IPO.

Alternative Investment Market (AIM) - Securities exchange for small-medium growth companies (sub-market of London Stock Exchange).

AQUIS: Securities exchange for small-mid cap companies.

Broker: A firm which facilitates transactions between buyers and sellers

Contract Note: legal proof of trade

Diversification: Mitigating the overall risk / volatility of returns of a portfolio through holding assets of varying risk/return

EIS/SEIS: Tax relief schemes for new investors in a company

Exit: an exit solution refers to shareholders selling their investment in a business.

Liquidity: The degree to which shares can be easily and quickly bought or sold at a fair price.

OFEX: Securities exchange for small-mid cap companies (Now AQUIS).

Secondary Market: Market whereby investors interact directly with each other to buy and sell shares. This contrasts with the primary markets where shares are sold directly by the company.

Settlement: the full and legal delivery of assets and funds

SPAC (Special-purpose acquisition company): a shell company listing on an exchange with the purpose of acquiring a private company.

Trading Volumes: total number of securities bought and sold for a particular company.

Traditional: JP Jenkins' traditional route to market that provides a broker-to-broker solution, that requires companies to have their shares settled via CREST.

Top-slicing: To sell part of your holding in a company to take some profits off the table but you still retain some of your holding.

Unquoted/Unlisted: Meaning shares in private companies that are not listed on a public exchange.

Volatility: the degree to which the price of the security fluctuates