GOWLING WLG

A-Z GLOSSARY: PRIVATE EQUITY AND VENTURE CAPITAL

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Articles

For those new to private equity and venture capital backed investments and legal documents, the terminology and jargon used can be confusing. The Private Equity and Venture Capital Team at Gowling WLG has produced this A to Z glossary to explain.

A

Advance assurance

Confirmation from HM Revenue & Customs that a company meets the qualifying criteria required by a company to receive investment from investors seeking to participate in tax efficient investment schemes such as **EIS** and **SEIS**.

Alternate director

A person appointed by a director to act in his place (as a director) when he is absent.

Angel

An individual who invests into early-stage companies by providing smaller amounts of finance than many private equity firms are able to invest. Angel investors normally invest under a financing round where many angels invest at the same time.

Anti-dilution

A mechanism that protects investors' shareholdings from dilution when shares are issued in future fundraising rounds below the price per share paid by the investor, normally by issuing additional bonus shares or changing the price at which an investor's convertible securities convert. See **full ratchet**, **narrow based weighted average ratchet** or **broad based weighted average** for the most common mechanisms.

Arrears

Unpaid dividends on the shares, such as unpaid fixed **cumulative dividends** accruing on preferred shares at a set rate per annum.

Articles of association

The document setting out the constitution and organisation of the company, with provisions relating to the classes of shares, directors, shareholders and other mechanisms described in this glossary, together with other boilerplate. A publicly visible document.

Attorney

A person appointed under a power of attorney and authorised to take certain actions on behalf of a party in default. For example, an attorney may be authorised to sign share transfers on behalf of a departing employee shareholder who is refusing to abide by compulsory share transfer provisions.

Audit committee

A committee set up by the board of directors with oversight of the internal and external audit function and financial reporting, its remit and composition being set out in terms of reference.

B

Bad leaver

A departing employee shareholder who leaves in circumstances that normally result in a reduced price payable for any shares that they are obliged to transfer. The precise definition is a matter for negotiation, but examples would include fraud, gross misconduct, and often voluntary resignation. Contrast to a **good leaver** (and other negotiated types of leaver, such as an **intermediate leaver** or **early leaver**).

BIMBO

A buy-in management buy-out, a form of private equity backed buyout where a combination of both existing and external management decide to participate in the buyout.

Boilerplate

Standard provisions in the legal documents that are important but unlikely to be subject to commercial negotiation.

Bolt-on

The acquisition by a fund of a company to add on to an existing portfolio company.

Bridge financing

Interim financing provided as a 'bridge' to a company until it can raise funds by way, for example, of private equity, share subscriptions or flotations.

Broad based weighted average ratchet

An **anti-dilution** mechanism that issues bonus shares to an investor following a **down round** so the investor holds the total number of shares it would have had it originally invested at a lower price. The lower price is based on the price across the funding rounds and takes account of how many shares are actually sold at the down round price compared to the total number of shares in issue together with all outstanding options, warrants and other securities on a **fully diluted** basis.

BVCA

The British Venture Capital Association, an industry body and the publisher of model investment documentation that is often adopted for early stage venture capital investments.

Business sale

A method of exiting a company, also known as an asset sale, where the business and assets of a company are sold (or a subsidiary is sold) rather than the shares. The sale proceeds are then returned to the shareholders through a dividend or distribution following or followed-by the winding-up of the company that previously held the business and assets.

C

Cap table

A table showing the share capital of a company (normally with separate cells showing any unexercised share options, warrants and securities convertible into shares), used to understand the shareholdings and economic, voting and ownership percentages of a particular company.

Carry

The share of the profits that the **general partner** receives from the fund in return for managing the fund. Usually a fund must return the capital invested in it by **limited partners** plus any preferential rate of return before the **general partner** can participate in the profits of the fund. The general partner will then receive its carry (in addition to any management fee to which it may be entitled), which is usually 20% of the fund's profits, but in some venture funds it can be up to 30%. Also known as **carried interest**.

Catch-up right

In circumstances where new shares or securities need to be issued in an emergency (i.e. to prevent a company defaulting on its finance facilities), without going through the pre-emption procedure, a right for shareholders not participating in that emergency issue to retrospectively participate (either through a transfer or additional issue) in their **pro rata** proportions to avoid dilution.

Claims basket

In relation to **warranty** claims, a negotiated financial loss hurdle that needs to be reached before the warrantors can be pursued for a claim. Variations include a tipping basket, where upon the hurdle being reached the whole financial loss can be claimed, and a deductible basket, where the claim can only be made for amounts exceeding the hurdle.

Claims cap

In relation to **warranty** claims, the negotiated maximum financial liability of the warrantor.

Claims de minimis

In relation to **warranty** claims, the minimum amount of financial loss arising from a particular warranty claim that needs to be realised before a claim can be made. Only claims above the de minimis threshold will be factored into the **claims basket** hurdle.

Class rights

Where the shares are split into different classes, each class of share will have class rights that require the consent of the holders of shares in that class before making a particular decision (such as varying the rights attaching to that class of share).

Common stock

The term used in the United States, and by US investors, to refer to **ordinary shares**.

Compulsory transfer

A circumstance giving rise to a compulsory transfer of shares by a shareholder, such as an employee shareholder ceasing to be an employee.

Conversion

The process by which a convertible security converts into a different security, such as a loan converting into shares, or preferred shares converting into ordinary shares. Securities carrying the right to convert are intended to enable the holder to participate in a higher return (if available) on the other type of security, but until exercised the existing security often has some form of benefit such as a preferred (higher ranking) return.

Co-sale right

A provision that says if one shareholder has an opportunity to sell some shares, the other shareholders are also given that opportunity on a proportional basis. Similar to a proportional **tag-along right**.

Cumulative dividend

A dividend that has to be paid on classes of preferred shares, even if the company does not have the reserves to pay the dividend on the date the dividend is due. If unpaid, the dividend is treated as an **arrear** and arrears will usually rank highly in the liquidation preference. Conversely, there is no right to receive a **non-cumulative dividend** if the company is unable to pay it on the due date.

D

Deed of adherence

A legal document where a party agrees to be bound by an existing agreement that they were not originally party to, such as a new member of a management team agreeing to be bound by an existing shareholders agreement relating to the company.

Deferred shares

A class of share normally carrying no economic or voting rights, often used to render the holding of those shares completely meaningless before they can be bought back or cancelled.

Disenfranchisement

A mechanism where certain shares or securities lose certain rights, such as the right to vote, to participate in pre-emptive share issues or transfers, triggered by certain circumstances (such as **step-in rights** or an employee shareholder becoming a **leaver**).

Down round

An issue of shares in a fundraising round at a price per share lower than the price paid by investors in a previous round.

Drag-along right

A mechanism whereby the majority shareholders can require the minority shareholders to sell their shares to a third party buyer as part of a sale of the entire share capital of the company, to stop minority shareholders blocking an exit opportunity. The thresholds, conditions and triggers can vary.

E

Earn out

Provisions in a sale and purchase agreement that provide for compensation for the sellers in the future if the business achieves certain performance targets.

EBITDA

Earnings before interest taxation depreciation and amortisation, a common performance indicator used in the valuation of businesses and financial covenants.

EIS

Enterprise Investment Scheme, a scheme providing tax efficient investment returns in the UK in order to promote investment in early stage and growth stage companies.

EMI

Enterprise management incentive scheme, a tax efficient management option scheme in the UK used to encourage and reward management in smaller companies.

Employee benefit trust

A trust set up by a company to hold shares on behalf of the employees.

Enterprise value

The economic value of a company, regardless of how it is financed, normally based on its **EBITDA**multiplied by a multiple (normally determined by the company's business sector). During an acquisition, an enterprise value is used to measure the price payable for the company and can be expressed formulaically as the company's **equity value** plus its total outstanding net debt.

Entrepreneur's relief

A reduced rate of capital gains tax in the UK arising on the sale of shares by certain qualifying employee or office holder shareholders.

Equity covenant

Financial performance targets set by an investor, a breach of which triggers certain rights in favour of the investor (see **events of default**).

Equity cure

A method by which the shareholders cure a financial covenant breach by subscribing for additional shares in the company, preventing an **event of default** occurring under its financial documents.

Equity release

A type of private equity backed transaction where the existing owner of the business sells a portion of its shareholding but continues to hold some equity alongside the new investor.

Equity value

The value of a company available to its shareholders. During an acquisition, an equity value is used to measure the price payable for the company and can be expressed formulaically as the company's **enterprise value** minus its total outstanding net debt.

Events of default

A situation where the **financial covenants, equity covenants** or other covenants in the financial or shareholder documents are breached. An event of default typically gives rise to rights in favour of a lender or investor, such as accelerating the repayment of a debt, appointing a liquidator or administrator or **step-in rights**.

Exit

An event where the shareholders receive a return on their investment in a company, normally through an **IPO**, a **business sale** or a sale of the shares of a company.

Fair value

The fair price to be paid for certain shares subject to a **compulsory transfer**, normally agreed or independently determined by an accountant with reference to agreed valuation principles described in the shareholder documents.

Financial covenant

A financial performance target set by a lender, a breach of which triggers certain rights in favour of the lender (see **events of default**).

Flip-up

Following a share sale, the process by which a seller re-invests part of their sale proceeds in the capital of the buyer (or its parent company) through a mechanism involving put and call options and the exchange of securities. Also referred to as a **rollover**, **reinvestment** or **exchange** mechanism.

Full ratchet

An **anti-dilution** mechanism that issues bonus shares to the investor following a **down round** so the investor holds the total number of shares it would have had it originally invested at the down round price.

Fully diluted

An assessment of the capital of the company on the assumption that all share options and other securities convertible into shares have (or will be) exercised, rather than focusing on only the shares that have been issued.

General partner

A type of partner in a **limited partnership** that is liable for the acts of the partnership. This is usually the entity that manages the fund and earns a management fee and a percentage of profits (see **carry**).

Good leaver

A departing employee shareholder who leaves in circumstances that normally results in a **fair value** being paid for any shares that person is obliged to transfer. The precise definition is a matter for negotiation, but examples would be wrongful dismissal and involuntary reasons such as death or ill-heath. Contrast to a **bad leaver** and other negotiated types of leaver (such as **intermediate leaver** or **early leaver**).

H

Heads of terms

A ocument agreed between the parties to set out the key commercial terms of an investment before the legal documents are produced. This is usually expressed to be non-binding except for certain provisions such as confidentiality and exclusivity.

I

Indemnity

An obligation to pay or compensate a party on a 'pound-for-pound' basis in respect of a specific loss, damage or risk.

Information rights

The right of an investor or other shareholders to receive regular reports from the company, often comprising monthly financial reporting packs, measurements of performance against the budget and other **KPIs**, and fund or industry specific reporting requirements.

Intercreditor agreement

An agreement that ranks the order in which different lenders to a company, or different investors in the company, receive a return on the amounts they have advanced to the company.

Institutional buyout (IBO)

When a fund first acquires a company and then the existing or incoming management are given a stake in the business.

Institutional strip

Also known as **strip equity**, the classes of shares and securities held by the investor, which often have preferred economic rights and other enhanced rights or protection compared to the **sweet equity**.

Investment agreement

The agreement setting out the terms and conditions on which an investor subscribes for shares in a company, and regulating the ongoing relationship between the shareholders. Also known as a subscription and shareholders' agreement.

Investor consent

The requirement for the company to receive the consent of the investor, or an investor director, before taking a specific action that needs to be approved by the investor.

Investor director

A non-executive director appointed to the board of a company by the investor, often responsible for representing the interests of the investor and monitoring the company's performance.

IPO

An initial public offering, where shares are listed on a stock exchange, a possible method of achieving an **Exit**.

IRR (Internal Rate of Return)

A financial metric by which an investor's return on an investment is measured, often used as a basis for initially modelling and pricing investments and sometimes used in liquidation preferences to set out preferred hurdles.

J

Jointly and severally

Where two or more persons are legally responsible to do the same thing, both together and separately. It means if one person is in default, the other person(s) can be liable for the full obligation. For example, if A and B are jointly and severally liable to pay an investor £100, the investor can ask either of A and B to pay the full £100. It does not mean they only have to pay £50 each, and does not mean the investor can recover £200.

K

KYC

Know your client, a compliance obligation placed on investors and professional advisors to identify the parties in financial transactions and counter money laundering.

KPI

Key performance indicators used to measure the performance of a company, often used in relation to **financial covenants** and **equity covenants**.

L

Leaver

An employee shareholder who ceases to be an employee of the company. Leaver is a generic term to describe the event of leaving, with other terms such as **good leaver** and **bad leaver** describing the consequences based on the circumstances causing that person to become a leaver.

Leveraged buyout (LBO)

A process in which a company is purchased using a combination of both equity and debt, often involving a private equity investor acquiring the equity and a bank or debt fund advancing the debt.

Limitations

In relation to **warranties**, the provisions in the investment agreement that limit a warrantor's liabilities if a warranty is breached.

Limited partner

A type of partner in a **limited partnership** that has limited liability for the actions of the partnership up to its investment. This is usually the entity that provides capital to the fund but does not participate in managing the fund. The limited partner receives income, capital gains and tax benefits.

Limited partnership

A partnership used as the legal structure to organise a fund with two categories of partner: **general partners** (usually one) and **limited partners** (usually more than one).

Liquidation preference

A mechanism that describes in what order shareholders are paid following a **liquidity event**, normally with preferred shareholders being paid first and ordinary shareholders being paid after. Also referred to as a **waterfall**. In addition to a liquidation preference for shares, debt generally ranks ahead of equity, and both **structural subordination** and **intercreditor agreements** can be used to rank the priority of debt.

Liquidity event

An event triggering a return for shareholders, normally arising on the sale of a company, a **business sale,** an **IPO** or upon the liquidation of the company. The liquidation preference will determine in what order and proportions the return is paid to shareholders, a share sale being the most common liquidity event.

Loan Note

A financial instrument that works like an 'IOU', setting out the amount of cash borrowed and the interest payable. It is a form of debt and typically ranks ahead of equity but behind leveraged finance, and is typically used by private equity investors as part of their initial investment. For example, for every £100 loaned the lender will receive 100 £1 loan notes. Can be secured or unsecured.

M

MAC

Material adverse change, a clause that triggers an **event of default** or similar if there is a material change in the financial or other performance of a business.

Management declaration

A questionnaire to be completed by members of a management team, informing an investor of their personal situation and covering topics such as financial circumstances, health, and other interests, investments and commitments.

MBI

Management buy-in, a process where an external management team partners with a private equity investor to acquire a business from the current owners/managers.

MBO

Management buy-out, a process where the existing management team of a business partners with a private equity investor to acquire the business from its current shareholder.

Model articles

A set of articles of **articles of association** applied by default under English law, which can be replaced entirely by bespoke articles of association prepared to facilitate an investment or buy-out, but which are often only modified in part and the unmodified terms will still form part of the constitution of a company (mostly containing **boilerplate**).

N

Narrow-based weighted average ratchet

An **anti-dilution** mechanism that issues bonus shares to the investor following a **down round** so the investor holds the total number of shares it would have had it originally invested at a lower price. The lower price is based on the price across the rounds and takes account how many shares are actually sold at the down round price compared to the total number of shares issued (excluding options, warrants and other securities, so not on a **fully diluted** basis).

Non-disclosure agreement (NDA)

A confidentiality agreement entered into with potential investors or acquirers.

Non-qualifying corporate bond

A type of loan note (or bond) that meets certain UK capital gains tax requirements, as opposed to a **qualifying corporate bond**. The specific type required will be based on the desired tax planning of the holder.

Observer

A person who may attend and speak at board meetings, but is not entitled to vote and is not a director.

Ordinary resolution

A shareholder vote that requires a simple majority (over 50%) of the holders of voting shares to vote in favour to be passed.

Operating partner

A person working alongside a private equity or venture capital investor to help build value in investee companies, often a person with a proven track-record in the industry such as a former CEO, CFO or COO.

Option

A right for the option holder to subscribe for shares in the future at a defined price, often used to incentivise employees to achieve growth in shareholder value or to allow investors to subscribe for additional shares in the future.

Option pool

A portion of the company's **ordinary shares** that are reserved to be issued (or have been issued) to employees, as part of employee incentive planning and aligning the interests of employees with shareholders. The size of option pools is a matter for negotiation, but typically at least 10% of the ordinary shares are reserved for employees.

Ordinary Share

Shares with voting rights that do not normally have a preferred dividend, are not redeemable and rank towards the bottom of the **liquidation preference**. An ordinary shareholder may only receive a return in the liquidation preference after all of the **preferred shares** have received their preferred return (such as the initial investment amount plus interest).

P

Participating preferred share

In the context of a **liquidation preference**, normally a **non-participating preferred share** only has a right to receive a preferred return (such as the initial investment amount plus interest) and after those preferred returns are paid the **ordinary shares** receive the excess. A participating preferred share carries a right for the holder to convert those preferred shares into ordinary shares, which it would only do if it would receive a higher return by holding ordinary shares than it would by holding its preferred shares.

Par value

The face value of a security, without any premium or discount applied on a subscription or transfer.

Pay-to-play

A provision that penalises existing shareholders who fail to participate in future fundraising rounds, the consequence being that they lose their **anti-dilution** rights or their **preferred shares** are converted into **ordinary shares** or a less valuable type of share. Becoming increasingly rare in the UK.

Permitted transfer

A share transfer that can be made without going through the **pre-emption rights** procedure, often to related parties such as group companies or family members.

PIK

Payment in kind, where interest payments are paid by the issue of further securities rather than in cash.

Pre-emption rights (transfer and issue)

A right for existing shareholders to subscribe for shares (on a new issue or a transfer by an existing shareholder) **pro rata** to their existing proportions, in order to protect themselves from dilution and to acquire shares being transferred before they are offered to third parties.

Preferred Share

A share that carries a preferred right of return in the liquidation preference, often being a return of the initial investment amount, and sometimes with a fixed rate **cumulative dividend** (or other minimum level of return) and any unpaid accrued dividends. Can be voting or non-voting.

Pre-money valuation

The valuation of the company before an investment round, which is calculated by taking the post-money valuation and deducting the amount invested in that round.

Post-money valuation

The valuation of the company after an investment round, which is calculated by the formula A x (B / C), where A is the cash invested in that round, B is the total fully diluted share capital and C is the number of shares issued in return for the new investment.

Pro rata

A proportional right or allocation, often relating to a number of shares held.

Proxy

An existing shareholder or third party appointed by a shareholder to exercise the voting rights attaching to shares at a shareholder meeting, where the holder of the shares is unable to attend.

Quorum

The number of directors or shareholders required to be present at a board or shareholder meeting in order for it to validly conduct business, and sometimes requiring specific directors or shareholders to be present (such as an **investor director** or investor).

Ratchet

In the context of shares, a mechanism that increases or decreases the economic rights attaching to the shares based on certain conditions. For example, a performance ratchet attaching to a class of shares held by managers may increase their share of returns if certain performance targets are met, often as an incentivisation arrangement.

Redeemable shares

Are shares that can or have to be bought back by the company, often on or by a fixed date. Redeemable shares are often **preferred shares** as well.

Redemption date

The date on which redeemable shares or loan notes are required to be redeemed, meaning the company has to pay back the initial investment amount plus any accrued interest.

Registration rights

In the case of investments with a US link, a right for the investor to force the company to file a registration statement so the investor can sell the shares in a public market without restriction, or a piggyback right so an investor has these rights if any other investor initiates a registration. This relates to the securities legislation in the US, which closely governs the sale of securities to the public in the US, and may not be relevant in the context of all UK based private equity and venture capital transactions.

Remuneration committee

A committee set up by the board of directors with oversight of employee and director remuneration, and often the award of employee options and hiring and firing of employees (including executive directors), its remit and composition being set out in terms of reference.

Reserved matters

A list of matters requiring an **investor consent** (or the consent of another person).

Restrictive covenants

Terms that prevent a person competing with the company and soliciting its employees, customers or suppliers for a certain period of time.

Return on investment (ROI)

The proceeds from an investment during a particular period of time calculated as a percentage of the original investment.

S

Secondary buyout

An event where a private equity fund acquires shares in a company from another private equity fund (the next similar buyout being a **tertiary buyout** and so on).

Section 431 election

A document commonly used by an employee shareholder or option holder to elect that the shares or securities in the employing group are treated in a certain manner for UK tax purposes.

Securities

Generally used to refer to forms of investment instruments and financial instruments, such as shares, loan notes, debentures, bonds and convertible instruments.

Seed investment

An early-stage investment in a company to allow a business concept to be developed such as producing a business plan prior to taking a product or service to the market, most likely attracting investment from **angels** rather than institutional funds.

SEIS

The Seed Enterprise Investment Scheme, a scheme providing tax efficient investment returns in the UK in order to promote investment in seed and very early stage companies.

Series A (to Z)

A term used to describe significant fund raising rounds for a company, the first being a series A round (whereby the class of shares issued are normally prefixed with the letter 'A' in their name) and progressing through the alphabet.

Service Agreement

The legal agreement setting out the terms of employment or engagement of a manager as an employee and executive director of the company.

Special resolution

A shareholder vote that requires a majority of 75% or more of the holders of voting shares to vote in favour to be passed.

Step-in rights

The right of an investor to take day-to-day control of the company by enhancing the voting rights attaching to its shares and its votes at board meetings, often triggered by an **event of default** and operated as a last resort if the company is or is likely to be in financial distress.

Strike price

A pre-determined price at which shares of a company may be purchased under a **warrant** or **share option**.

Structural subordination

A process of inserting several holding companies above a trading subsidiary, whereby the creditors of the first (or lowest) holding company are paid before the creditors of the holding companies above can be paid. Often used to rank the priority of leveraged debt and loan note repayments in private equity buyouts, with different lenders lending to different holding companies lower or higher in the structure depending on the desired priority of their repayment.

Subscription and shareholders' agreement

Another name for an **investment agreement**.

Subscription price

The price at which shares or securities in a company are subscribed for by an investor.

Swamping

Another name for **step-in rights**.

Sweat equity

Any shares or securities acquired by members of the management team at fair value (i.e. at the same price as an investor), which normally would be a class of share with rights equivalent to those in the **institutional strip** or the same class as the investor.

Sweet equity

A class of **ordinary share** that is given to or reserved for the management team as part of their incentivisation arrangements, often realising value as the company grows above the level of preferred returns attaching to the **preferred shares** ranking higher in the **liquidation preference**.

Syndication

A process whereby an investor can syndicate their investment following completion, normally to de-risk the investment and optimise exposure, by transferring shares or securities to other investors. The process is normally exempt from pre-emption, tag-along and co-sale provisions.

T

Tag-along

If the majority of shareholders are selling shares to a third party buyer, the minority shareholders are permitted to participate in such sale at the same price and on the same terms by exercising the tag-along rights. It prevents minority shareholders being left behind if the majority shareholders exit.

Term sheet

Another name given for **heads of terms**.

Trade sale

The sale of a company to another company normally operating in the same industry.

Transaction fees

The amount that funds sometimes charge the companies they acquire through a buyout (normally between 1% to 2% of the initial investment amount), which can be on top of annual monitoring and **investor director** fees.

Transmission

The process by which shares are transferred to a transmittee by operation of law, such as on the death or bankruptcy of a shareholder.

U

Undertakings

Obligations in favour of an investor in an investment agreement, setting out what the company and management team must do (positive undertakings, such as **information rights**) and what they cannot do (negative undertakings, such as restricted matters).

V

Veto right

A right stating that a certain decision cannot be made without the consent of a person, normally the investor, see also **reserved matters**.

Vesting

The process by which shares (such as sweet equity) or share options gain economic value or are entitled to be exercised, usually determined by the period of time held (e.g. on a straight line vesting basis or a cliff-vesting basis).

VCT

Venture capital trust, a type of tax efficient investment fund making investments in qualifying small and medium sized companies.

Voting rights

The rights attaching to certain classes of shares enabling the holder to vote on shareholder resolutions (such as ordinary and special resolutions).

Warrant

An instrument that allows the holder to subscribe for a number of shares at a set price, often used as an option for a party (e.g. a lender) to participate in upside in the future. Similar to an **option**.

Warranties

The contractual assurances provided to investors about the company it is investing in, normally in the form of factual statements about the company (e.g. ownership of intellectual property, litigation, employees) to provide the investor with comfort that there is no reason not to invest. Primarily used to encourage disclosure of known liabilities and issues, and can give rise to a legal claim if the warranty is breached (e.g. the factual statement made is not true and no disclosure has been made).

Waterfall

Another term for the *'liquidation preference'*.

X

The only letter of the alphabet yet to be popularly utilised by the private equity and venture capital community.

Y

YOY

Year-over-year, a way of measuring two KPI's across more than one year.

Z

Zero-Dividend Preferred Share

A preferred share paying no dividend to its holder, meaning any gains only arise from an increase in capital value across the life of the investment.

Health warning

The above explanations are intended to be general only. The concepts and application often vary between different investment funds and are often applied differently, or not applied at all, depending on the type of transaction. For example, a leveraged buyout will look very different to a venture capital investment. In all cases, the general concepts are often negotiated and accordingly the legal documentation must be reviewed to understand the exact meanings.

Related Financial Institutions & Services, Private Equity