

Raising Capital and Payout Policy Topics

This is a general guideline and should be viewed as such. Anything covered in class can be tested.

1. Venture capital (private equity)
 - (a) Stage financing
 - (b) Choosing a VC
2. Steps in selling securities to the public
 - (a) Prospectus, Registration statement, Red herring, Waiting period
3. Issue methods
 - (a) Public vs private
 - (b) SPAC
4. IPO – Initial public offering
 - (a) Underwriters, Syndicate. Spread, Tombstone
 - (b) Types of issues(underwriting)
 - i. Firm commitment
 - ii. Best effort
 - iii. Dutch auction (be able to calculate offer price given bids)
 - (c) Aftermarket, Green shoe provision, Lockup agreement, Quiet period
 - (d) Underpricing
 - i. Reasons
5. SEO – Seasoned Equity offering
 - (a) Signaling explanation and issue costs
 - (b) Pecking order of financing
 - i. Cash preferred to Debt preferred to Equity
 - (c) Cost of issuing securities (flotation costs)
6. What is a dividend and different types
7. Dividend payment chronology
8. Factors favoring low/high dividend payout
 - (a) Clientele effect
9. Stock repurchases (buyback)
 - (a) Recent trends
 - (b) Types
 - (c) Motives
10. Tax effects: Dividends vs repurchases
11. Payout facts
12. Information content and stock price effects
13. Payout pros and cons
14. Stock dividends, Stock splits, Reverse stock split