

# SecondMarket - Providing Liquidity for Shareholders of Privately Held iContact

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# What is it?!

## **Thecasesolutions.com**

A public limited company is a type of publicly held company in the United Kingdom. It is a limited liability company whose shares are freely sold and traded to the public, with a minimum share capital of £50,000 and the letters PLC after its name.

# Private Equity firm

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A private equity firm is an investment manager that makes investments in the private equity of operating companies.

Often described as a financial sponsor, each firm will raise funds that will be invested in accordance with one or more specific investment strategies.

## Leverage Buyout

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A leveraged buyout is when a company or single asset (e.g. a real estate property) is purchased with a combination of equity and significant amounts of borrowed money, structured in such a way that the target's cash flows or assets are used as the collateral to secure and repay the money borrowed to purchase the target-company/asset.

## Venture CAPITAL

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Venture capital (VC) is financial capital provided to early-stage, high-potential, high risk, growth start-up companies. The venture capital fund makes money by owning equity in the companies it invests in, which usually have a novel technology or business model in high technology industries.

## Growth CAPITAL

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Growth capital (also called expansion capital and growth equity) is a type of private equity investment, most often a minority investment, in relatively mature companies that are looking for capital to expand or restructure operations, enter new markets or finance a significant acquisition without a change of control of the business.



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## Venture CAPITAL

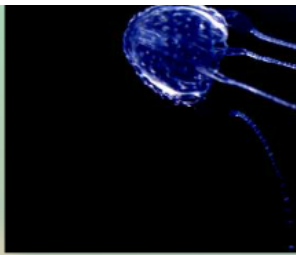
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# **Holding company**

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A company created to buy and possess the shares of other companies, which it then controls.



# Advantages and Disadvantages

What are the advantages and disadvantages of a PLC...

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### Advantages

- There is limited liability for the shareholders.
- The business has separate legal entity. There is continuity even if any of the shareholders die.
- These businesses can raise large capital sum as there is no limit to the number of shareholders.
- The shares of the business are freely transferable providing more liquidity to its shareholders .

### Disadvantages

- There are lot of legal formalities required for forming a public limited company. It is costly and time consuming.
- In order to protect the interest of the ordinary investor there are strict controls and regulations to comply. These companies have to publish their accounts.
- The original owners may lose control.
- Public Limited companies are huge in size and may face management problems such as slow decision making and industrial relations problems.