Definitions

Accelerated book-building: a mechanism for the pricing and allocation of shares to institutional investors. The investment bank acting as lead manager collects price/quantity pairs from underwriters, and then sets the final price of the shares in agreement with the issuer using the order book.

Bonus share: share which is freely distributed for a given amount of shares acquired and held by private investor for a given period of time.

Bought deal: a bid through which an investment bank acquires the entire block of shares to be allocated, in a very short period, to final institutional investors.

Corporatization: the transformation of a SOE into a joint stock corporation organized under company law.

Employees Stock Ownership Plan (ESOP): program encouraging the employees to purchase stock in their company.

Formal privatization: see corporatization.

Golden share: a set of special powers warranted to the public shareholder and/or statutory constraints on shareholders rights (such as ownership limits and voting caps, etc.) imposed on the privatized company in accordance to the privatization law or by the company bylaws.

Initial Public Offer (IPO): The first public offer involving the company shares. At IPO, the company shares are first listed in a stock exchange.

Management Buy-Out (MBO): purchase of all company's publicly listed shares by the existing management, which usually takes the company private.

Primary offering: a capital-raising issue of new shares in public equity markets.

Private Sale (PS): an equity placement to one or more strategic investor of the company's stock.

Privatization: a transfer of ownership or voting rights from the "State" to the private sector. The "State" includes the central or local government, ministries, bodies of the public administration, and companies where the central or local government acts as a shareholder. The private sector comprises private individuals and economic entities with private shareholders. Transfers of ownership or voting rights to economic entities fully owned by the State are therefore not considered privatizations.

Privatized company: a company with shares owned (directly or indirectly) by the State for which a privatization transaction is reported.

Prospectus: official document earmarked to investors reporting information on the company, the details of the offering, and the composition of the underwriting syndicate.
Public Offer (PO): an offering of stock or securities to the public at large. Securities offered by PO are usually traded in public regulated exchanges.

Secondary Equity Offering (SEO): a public offering of existing shares in a listed company, where revenues of the sale accruing to divesting shareholders.

State-owned Enterprise (SOE): SOEs are defined as directly or indirectly State owned or controlled economic entities that generate the bulk of their revenues from selling goods and services. This definition limits the SOE set to commercial activities in which the State is able to control management decisions by virtue of its ownership or voting rights alone.