

The terms defined in this Glossary are designed to assist the reader and are as used within the context of the main report. They are not intended to be legally or otherwise definitive.

ACIIA[®]

The Association of Certified International Investment Analysts.

AIMR[®]

Association for Investment Management and Research.

Black-out period

Short period fixed by the issuing syndicate during which firms party to a securities offering agree not to publish research.

Bond

A debt instrument, issued for a period of more than one year, generally by a corporation, government or government agency, that entitles the investor to the repayment of its face value/principal on a specified maturity date and to the receipt of a fixed or variable rate of interest (if any).

Bond yield

The internal rate of annual return on a bond expressed as a percentage of its current price.

Bundling

The practice whereby a broker supplies a fund manager with a single package combining trade execution with additional services such as the provision of research or access to the broker's own investment analysts. These other services are produced in-house, either by the broker or by another company in the same group, and cannot usually be purchased separately.

Buy-side

The 'buy-side' is the segment of the securities market (generally investing institutions such as mutual funds, pension funds, money managers and insurance firms) who manage investments either for themselves or on behalf of other investors.

Buy-side analyst

An analyst employed by a buy-side firm.

Chinese wall

A term used to describe procedures enforced within an integrated firm that separate the firm's departments to restrict access to non-public, material information, in order to avoid the illegal use of inside information.

CFA®

Chartered Financial Analyst. A professional credential for investment research analysts. Awarded by the AIMR® (see above).

CIIA®

Certified International Investment Analyst. A professional designation for investment research analysts. Awarded by the ACIIA® (see above).

Compliance department

A department within a firm undertaking securities business with responsibility for ensuring that the procedures followed in the firm's operations comply with all applicable laws, rules, and regulations, including the firm's internal rules.

Corporate issuer

Company or corporation obtaining funding from capital markets.

Covered security

Securities – either relating to an individual company or sector – that are currently the subject of an analyst's investment research.

Credit rating

A rating agency's opinion, often expressed by means of letter symbols such as AA or BB, of the ability and/or willingness of a particular private or public sector issuer or obligation, to meet payments on debt securities when due.

Credit Rating Agency

A firm employing financial analysts and providing analysis and opinions on the creditworthiness of debt securities or instruments.

Default risk

The risk that payments on debt instruments will not be discharged when due.

EFFAS

The European Federation of Financial Analysts Societies.

Front-running

Unethical practice whereby an investment firm or individual trades or accumulates securities (either for the benefit of the firm or for his/her personal account), based on privileged information, before their investment clients have been given the information and prior to that information being reflected in the market.

Initial public offering (IPO)

The initial offering to the public of a private company's securities.

Insider dealing/trading

The buying or selling of a security by any person who possesses material, non-public information about the security which allows them to benefit from their transaction.

Integrated firms

Firm offering multiple financial services such as an investment bank or universal bank.

Investment manager

An individual or firm managing money and investments on behalf of wholesale or retail clients or for own account.

IOSCO

The International Organisation of Securities Commissions.

Over-the-counter

An off-exchange transaction.

Primary offering

The sale of a company's securities in which the proceeds from the sale are received by the issuing company. Also called primary distribution and in contrast to a secondary offering (see below).

Quiet period

A pre-determined period, starting from the pricing of an offering, when an analyst working for a firm belonging to the distribution syndicate should not publish research.

Relative value

An assessment of the value of one instrument relative to another or within a class of instruments.

Research analyst

See Section 4.2 of the report.

SEC

Securities and Exchange Commission. US Federal securities regulator.

Secondary offering

A sale of securities, the proceeds of which accrue to the selling shareholders rather than to the company, and in contrast to a primary offering (see above).

Sell-side

The 'sell-side' is the segment of the securities market whose primary business is the origination, marketing or sale of securities to both institutional and retail investment clients.

Sell-side analyst

An analyst employed by a sell-side firm.

Soft commission

Arrangements whereby a brokerage firm agrees to pay for certain goods and services – such as investment research – that are supplied directly to a customer (typically a fund manager) – usually by a third-party rather than the brokerage firm or one of its associated companies. The total amount the brokerage firm will pay is agreed between the parties, and is dependent on the customer directing a specific volume of business to the brokerage firm. This is typically expressed as a fixed ratio between the amount of hard commission the customer will generate and the value of credits earned that can be set against the cost of the additional goods and services.

Subject company

Corporate issuer whose securities are the subject of a research report or recommendation.

Third country

A country outside the European Union.