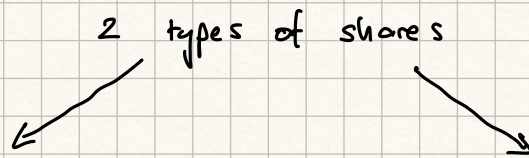


2 types of shares



ECONOMIC RIGHTS:



+ VOTING RIGHTS:

↳ allow ordinary shareholders to participate in

↳ Examples:

Shareholder voting →  
or  
→

→ voting performed by

BENEFITS of COMMON SHARES:

→ to ISSUER (COMPANY):

→ to INVESTORS:

TYPICAL RATIONALE for COMMON SHARE ISSUANCE

# PREFERENCE SHARES / PREFERRED STOCK

exhibit characteristics of DEBT and EQUITY

DEBT

Preference shares:

EQUITY

ECONOMIC RIGHTS  
CERTAINTY:

Debt

Contractual obligation  
to make coupon  
payments + redeem  
debt upon maturity

Preference shares

Common shares

no contractual  
obligation

LEAST UNCERTAIN

MOST UNCERTAIN

VOTING RIGHTS:

NO

YES

PREFERENCE SHARES: specific sub-types

• CUMULATIVE:

• PARTICIPATING:

• CALLABLE:

• PUTTABLE:

• CONVERTIBLE: