**Questões e Feedbacks Atualizados – capítulo 23.**

1. **Question:** New issues are highly cyclical. **Answer:** T **Feedback:** The sentence is TRUE.
2. **Question:** The 'fees' paid to underwriters are a significant part of the transaction costs of an IPO. **Answer:** T **Feedback:** The sentence is TRUE.
3. **Question:** The 'lock-up' period prevents company insiders from selling their shares in the secondary market for a certain time after the IPO. **Answer:** T **Feedback:** The sentence is TRUE.
4. **Question:** Investors in an IPO are guaranteed to receive shares at the offering price. **Answer:** F **Feedback:** The sentence is FALSE. Investors in an IPO are **not** guaranteed to receive shares at the offering price; allocation depends on demand, and the market price can fluctuate immediately after listing.
5. **Question:** One of the disadvantages of being a public company is the increased reporting and regulatory compliance requirements. **Answer:** T **Feedback:** The sentence is TRUE.
6. **Question:** A controlling shareholder completely loses control of the company after an IPO. **Answer:** F **Feedback:** The sentence is FALSE. A controlling shareholder does **not** necessarily lose complete control; mechanisms like dual-class share structures can help them retain significant influence.
7. **Question:** The Dutch auction method allows investors to bid for shares in an IPO, determining the final offer price. **Answer:** T **Feedback:** The sentence is TRUE.
8. **Question:** The secondary market involves the trading of existing shares among investors. **Answer:** T **Feedback:** The sentence is TRUE.
9. **Question:** A cash offer occurs when new shares are offered only to existing shareholders. **Answer:** F **Feedback:** The sentence is FALSE. A cash offer typically involves selling new shares to the **general public** or institutional investors, not exclusively to existing shareholders (that would be a rights offer).
10. **Question:** The 'quiet period' restricts communication from the company and underwriters to the public during the IPO process. **Answer:** T **Feedback:** The sentence is TRUE.
11. **Question:** An IPO prospectus is a confidential document only accessible to investment banks. **Answer:** F **Feedback:** The sentence is FALSE. An IPO prospectus is a **public document** filed with regulatory bodies (like the SEC or CVM) and made available to potential investors.
12. **Question:** The transaction costs of an IPO are usually low. **Answer:** F **Feedback:** The sentence is FALSE. The transaction costs of an IPO, including underwriting fees, legal fees, and administrative expenses, are typically **substantial**, often a significant percentage of the capital raised.
13. **Question:** The stock price reaction to an SEO is positive on average. **Answer:** F **Feedback:** The sentence is FALSE. The stock price reaction to an SEO (Seasoned Equity Offering) is, on average, **negative**, as it often signals potential dilution or a need for capital that can be interpreted negatively by the market.
14. **Question:** The two advantages of going public are greater liquidity and better access to capital. **Answer:** T **Feedback:** The sentence is TRUE.
15. **Question:** Market conditions, such as interest rates and general investor sentiment, affect the decision to conduct an IPO. **Answer:** T **Feedback:** The sentence is TRUE.
16. **Question:** IPOs eliminate financial risk for company founders and early investors. **Answer:** F **Feedback:** The sentence is FALSE. While IPOs offer an **exit strategy** and liquidity, they do **not eliminate financial risk**; the market value of shares can fluctuate post-IPO, and founders/early investors remain exposed to market conditions.
17. **Question:** A seasoned equity offering (SEO) does not affect the price of existing shares in the market. **Answer:** F **Feedback:** The sentence is FALSE. An SEO **can affect** the price of existing shares, often leading to dilution and a potential downward pressure on the stock price.
18. **Question:** A roadshow is a series of presentations made by company executives to potential investors. **Answer:** T **Feedback:** The sentence is TRUE.
19. **Question:** A company's corporate governance tends to become more complex after an IPO due to new regulatory requirements. **Answer:** T **Feedback:** The sentence is TRUE.
20. **Question:** The primary market is where investors buy and sell shares of companies already listed on the stock exchange. **Answer:** F **Feedback:** The sentence is FALSE. The primary market is where **newly issued securities are sold for the first time** (e.g., in an IPO), while existing shares are traded in the secondary market.
21. **Question:** A 'greenshoe option' (over-allotment option) is used by underwriters to sell fewer shares than initially planned. **Answer:** F **Feedback:** The sentence is FALSE. A greenshoe option allows underwriters to sell **more shares** than initially planned to cover over-allotments and stabilize the stock price, not fewer.
22. **Question:** The underwriter's reputation has no significant impact on the success of an IPO. **Answer:** F **Feedback:** The sentence is FALSE. The underwriter's reputation **can significantly impact** the success of an IPO, as reputable underwriters often attract more investor interest and lend credibility to the offering.
23. **Question:** The process of selling stock to the public for the first time is called a seasoned equity offering (SEO) **Answer:** F **Feedback:** The sentence is FALSE. The process of selling stock to the public for the first time is called an **Initial Public Offering (IPO)**; a seasoned equity offering (SEO) occurs when a company already publicly traded issues additional shares.
24. **Question:** Due diligence is a critical process in an IPO to verify the company's financial and legal information. **Answer:** T **Feedback:** The sentence is TRUE.
25. **Question:** A privately held company can raise equity capital by selling shares publicly without conducting an IPO. **Answer:** F **Feedback:** The sentence is FALSE. A privately held company **must conduct an IPO** (or a direct listing) to sell its shares publicly on a stock exchange.
26. **Question:** IPO price stabilization is an activity that underwriters can undertake to prevent sharp drops in the price of newly issued shares. **Answer:** T **Feedback:** The sentence is TRUE.
27. **Question:** The CVM requires full disclosure of financials and risks in an IPO prospectus. **Answer:** T **Feedback:** The sentence is TRUE.
28. **Question:** Syndication is the formation of a group of investment banks to manage a large IPO. **Answer:** T **Feedback:** The sentence is TRUE.
29. **Question:** A seasoned equity offering (SEO) is the sale of stock by a company that is already publicly traded. **Answer:** T **Feedback:** The sentence is TRUE.
30. **Question:** The 'bookbuilding' process completely eliminates the risk of 'underpricing' or 'overpricing' in an IPO. **Answer:** F **Feedback:** The sentence is FALSE. While bookbuilding helps in price discovery, it does **not completely eliminate** the risk of underpricing (leaving money on the table) or overpricing (leading to a weak aftermarket performance).
31. **Question:** The 'underwriter's spread' represents the company's net profit after the IPO. **Answer:** F **Feedback:** The sentence is FALSE. The underwriter's spread is the **difference between the price paid by investors and the price received by the issuing company**, representing the underwriters' compensation for managing the IPO.
32. **Question:** Regulatory filings must be submitted before an IPO. **Answer:** T **Feedback:** The sentence is TRUE.
33. **Question:** Underwriting is the process by which investment banks guarantee the sale of shares in an IPO. **Answer:** T **Feedback:** The sentence is TRUE.
34. **Question:** Venture capital investors are typically the main target audience in a rights offer. **Answer:** F **Feedback:** The sentence is FALSE. Venture capital investors are typically involved in **private equity financing of young, growing companies**, while a rights offer targets existing shareholders.
35. **Question:** An IPO guarantees that the company will achieve its long-term financial goals. **Answer:** F **Feedback:** The sentence is FALSE. An IPO provides capital and visibility but **does not guarantee** the achievement of long-term financial goals, which depend on various factors including management, market conditions, and competition.
36. **Question:** A 'rights offer' is the sale of new shares to the general public in the market. **Answer:** F **Feedback:** The sentence is FALSE. A rights offer is a sale of new shares offered **specifically to existing shareholders**, giving them the "right" to purchase new shares to maintain their proportional ownership.
37. **Question:** Underwriters face no risk during an IPO, so that a greenshoe provision is usually not necessary. **Answer:** F **Feedback:** The sentence is FALSE. Underwriters **do face risk** during an IPO, especially if they guarantee to sell shares at a set price (firm commitment). A greenshoe provision is used to mitigate this risk by allowing them to stabilize the stock price.
38. **Question:** A private company goes public to facilitate future acquisitions or mergers by using its stock as currency. **Answer:** T **Feedback:** The sentence is TRUE.
39. **Question:** The liquidity of a private company's shares is typically higher than that of a publicly traded company. **Answer:** F **Feedback:** The sentence is FALSE. The liquidity of a private company's shares is typically **much lower** than that of a publicly traded company, as there is no organized market for their frequent trading.
40. **Question:** The main motivation for a company to conduct an IPO is usually access to much larger capital and greater liquidity for its shares. **Answer:** T **Feedback:** The sentence is TRUE.
41. **Question:** The transaction costs of an IPO are generally insignificant compared to the total value raised. **Answer:** F **Feedback:** The sentence is FALSE. The transaction costs of an IPO are typically **significant**, representing a considerable percentage of the gross proceeds raised.
42. **Question:** A 'cash offer' always ensures that shares are sold to existing shareholders. **Answer:** F **Feedback:** The sentence is FALSE. A cash offer is a type of seasoned equity offering where shares are sold to the **general public** or institutional investors, not exclusively to existing shareholders.
43. **Question:** The primary market involves the buying and selling of existing shares among investors. **Answer:** F **Feedback:** The sentence is FALSE. The primary market is where **new securities are first sold** to investors by the issuer; the secondary market is where existing securities are traded among investors.
44. **Question:** CVM (Comissão de Valores Mobiliários) is the regulatory body in Brazil responsible for overseeing the capital market, including IPOs. **Answer:** T **Feedback:** The sentence is TRUE.
45. **Question:** Institutional investors, like big Banks, who buy equity in small private firms are called angel investors. **Answer:** F **Feedback:** The sentence is FALSE. Institutional investors who buy equity in small private firms are typically called **venture capitalists** or private equity firms; angel investors are usually wealthy individuals who provide seed funding.
46. **Question:** The goal of an IPO for early investors (private equity, venture capital) is often to monetize their investment. **Answer:** T **Feedback:** The sentence is TRUE.
47. **Question:** A company that is already publicly traded is prohibited from conducting seasoned equity offerings (SEO). **Answer:** F **Feedback:** The sentence is FALSE. A company that is already publicly traded **can and often does conduct seasoned equity offerings (SEOs)** to raise additional capital after its IPO.
48. **Question:** Stock price volatility is common in the first few months after an IPO. **Answer:** T **Feedback:** The sentence is TRUE.
49. **Question:** A 'dual-class share structure' allows founders to maintain disproportionate voting power. **Answer:** T **Feedback:** The sentence is TRUE.
50. **Question:** A company's decision to go public is generally a long-term strategic decision. **Answer:** T **Feedback:** The sentence is TRUE.
51. **Question:** In a greenshoe option, underwriters buy shares back from the market to stabilize the stock price. **Answer:** F **Feedback:** The sentence is FALSE. In a greenshoe option, underwriters **sell additional shares** to cover over-allotments and can buy shares back from the market only if the price falls below the offer price to stabilize it, but their primary function is to manage over-allotment.
52. **Question:** An SEO (Seasoned Equity Offering) can be a primary offering (new shares) or a secondary offering (shares from existing shareholders). **Answer:** T **Feedback:** The sentence is TRUE.
53. **Question:** The stock price of a newly public company is always stable in the first year post-IPO. **Answer:** F **Feedback:** The sentence is FALSE. The stock price of a newly public company is often **highly volatile** in the first year post-IPO, subject to market fluctuations, earnings reports, and analyst coverage.
54. **Question:** Market capitalization is a measure of a company's value, calculated by multiplying its stock price by the number of outstanding shares. **Answer:** T **Feedback:** The sentence is TRUE.
55. **Question:** A 'preliminary prospectus' guarantees that all information contained within is final and complete. **Answer:** F **Feedback:** The sentence is FALSE. A preliminary prospectus is an **initial draft** and states that the information is **not yet final or complete**, as it awaits regulatory approval and final pricing.
56. **Question:** Liquidity risk is one of the major concerns for investors in newly public companies. **Answer:** T **Feedback:** The sentence is TRUE.
57. **Question:** IPOs are underpriced on average. **Answer:** T **Feedback:** The sentence is TRUE.
58. **Question:** IPOs are always a cheaper method of raising capital than bank loans. **Answer:** F **Feedback:** The sentence is FALSE. IPOs typically involve **higher transaction costs** (underwriting fees, legal, accounting) compared to traditional bank loans, making them often a more expensive way to raise capital in terms of direct costs.
59. **Question:** An underwriter is an investment bank that manages the IPO process and helps the company sell its stock. **Answer:** T **Feedback:** The sentence is TRUE.
60. **Question:** Before an IPO, the company prepares the final registration statement and final prospectus containing all the details of the IPO, including the number of shares offered and the offer price. **Answer:** T **Feedback:** The sentence is TRUE.
61. **Question:** Bookbuilding is a process where underwriters collect indications of interest from investors to help price the IPO. **Answer:** T **Feedback:** The sentence is TRUE.
62. **Question:** The final offer price of an IPO is always determined exclusively by the issuing company. **Answer:** F **Feedback:** The sentence is FALSE. The final offer price of an IPO is typically determined through **negotiation between the issuing company and the lead underwriters**, often informed by the bookbuilding process and market conditions.
63. **Question:** An 'over-allotment option' can only be exercised if the stock price falls after the IPO. **Answer:** F **Feedback:** The sentence is FALSE. An over-allotment option (greenshoe) is typically exercised by underwriters **if the stock price rises** above the offering price in the aftermarket, allowing them to cover their short position.
64. **Question:** Quiet period is a term used to describe the period after an IPO when company executives cannot communicate with the public. **Answer:** F **Feedback:** The sentence is FALSE. The quiet period generally refers to the time **before and immediately after an IPO** when the company and underwriters are restricted from making public statements that could improperly influence the market for the new shares.
65. **Question:** An IPO always increases the wealth of existing shareholders. **Answer:** F **Feedback:** The sentence is FALSE. While IPOs often provide liquidity and can increase wealth, they **do not always guarantee an increase** in wealth for existing shareholders, as the stock price can fall below the offering price or even its pre-IPO valuation.
66. **Question:** IPO allocation refers to the process of distributing shares to interested investors. **Answer:** T **Feedback:** The sentence is TRUE.
67. **Question:** The lock-up period for insiders typically lasts for a short duration, usually a week. **Answer:** F **Feedback:** The sentence is FALSE. The lock-up period for insiders typically lasts for a **longer duration**, commonly 90 to 180 days (3 to 6 months), to prevent an immediate flood of shares onto the market.
68. **Question:** The volatility of newly issued stock prices is always lower in developed markets than in emerging markets. **Answer:** F **Feedback:** The sentence is FALSE. While developed markets might have more stable overall conditions, the volatility of *newly issued stock prices* in IPOs can be **high in any market**, regardless of development status, due to novelty and speculative interest.
69. **Question:** The aftermarket performance of an IPO is often unpredictable and subject to market conditions (but many IPOs have a positive first-day return). **Answer:** T **Feedback:** The sentence is TRUE.
70. **Question:** IPO pricing is a delicate balance between maximizing capital raised and ensuring good performance in the secondary market. **Answer:** T **Feedback:** The sentence is TRUE.
71. **Question:** Investment banks play a crucial role in pricing and marketing new stock issues. **Answer:** T **Feedback:** The sentence is TRUE.
72. **Question:** The 'roadshow' phase in an IPO aims to generate demand and educate potential investors about the company. **Answer:** T **Feedback:** The sentence is TRUE.
73. **Question:** The issuing company receives all the money from a secondary market stock sale. **Answer:** F **Feedback:** The sentence is FALSE. The issuing company **does not receive money** from a secondary market stock sale; the proceeds go to the selling shareholder, as it involves trading existing shares among investors.
74. **Question:** 'Analyst coverage' generally increases after an IPO, which can enhance the company's visibility. **Answer:** T **Feedback:** The sentence is TRUE.
75. **Question:** Underwriters in an IPO often form a syndicate to share the responsibility of selling the new issue. **Answer:** T **Feedback:** The sentence is TRUE.
76. **Question:** Regulatory requirements for public companies are generally more stringent than for private companies. **Answer:** T **Feedback:** The sentence is TRUE.
77. **Question:** Listing on a stock exchange is optional for companies conducting an IPO. **Answer:** F **Feedback:** The sentence is FALSE. Listing on a stock exchange is **not optional** for companies conducting an IPO, as it is the primary venue for public trading and liquidity for the shares.
78. **Question:** A 'Dutch auction' in an IPO favors investors who pay the highest prices for the shares. **Answer:** F **Feedback:** The sentence is FALSE. In a Dutch auction, all winning bidders pay the **same price**, which is the lowest successful bid, not necessarily the highest price they were willing to pay.
79. **Question:** Bookbuilding is a common method used by underwriters to determine the IPO price. **Answer:** T **Feedback:** The sentence is TRUE.
80. **Question:** A dual-class share structure allows company founders to maintain control even after going public. **Answer:** T **Feedback:** The sentence is TRUE.
81. **Question:** By going public, companies give their private equity investors the ability to diversify. **Answer:** T **Feedback:** The sentence is TRUE.
82. **Question:** CVM does not require companies to disclose their financial results after the IPO, only before. **Answer:** F **Feedback:** The sentence is FALSE. CVM (and other regulatory bodies like the SEC) **requires public companies to continuously disclose** their financial results and other material information after the IPO.
83. **Question:** The main goal of 'underpricing' in an IPO is to create positive sentiment and attract investors to the secondary market. **Answer:** T **Feedback:** The sentence is TRUE.
84. **Question:** Retail investors are always the first to receive share allocations in high-demand IPOs. **Answer:** F **Feedback:** The sentence is FALSE. In high-demand IPOs, **institutional investors and preferred clients** of the underwriting banks often receive priority in share allocations over retail investors.
85. **Question:** A common practice of early investors in private companies is to stay for a long time, i.e., years after the company's IPO. **Answer:** F **Feedback:** The sentence is FALSE. A common practice for early investors (like venture capitalists) is to **exit their investment** (sell their shares) within a few years after the IPO, as it provides liquidity for their prior investment.
86. **Question:** A company must always conduct an IPO to raise equity capital. **Answer:** F **Feedback:** The sentence is FALSE. A company does **not always** have to conduct an IPO to raise equity capital; it can also do so through private placements, venture capital, angel investors, or debt financing.
87. **Question:** A rights offer occurs when new shares are sold to investors at large. **Answer:** F **Feedback:** The sentence is FALSE. A rights offer involves selling new shares **exclusively to existing shareholders**, giving them the option to buy more shares to maintain their proportional ownership.
88. **Question:** The main disadvantage of going public is the complete elimination of financial risks for the company. **Answer:** F **Feedback:** The sentence is FALSE. Going public **does not eliminate financial risks**; instead, it introduces new ones such as market volatility, increased regulatory scrutiny, and public pressure on performance.
89. **Question:** Lock-up periods restrict company insiders from selling their shares immediately after an IPO. **Answer:** T **Feedback:** The sentence is TRUE.
90. **Question:** Share dilution occurs when new shares are issued, reducing the ownership percentage of existing shareholders. **Answer:** T **Feedback:** The sentence is TRUE.
91. **Question:** Venture capitalists typically do not seek board representation, as their primary interest is solely financial returns. **Answer:** F **Feedback:** The sentence is FALSE. Venture capitalists often demand board seats and significant control rights to protect their investment and guide the company's strategic direction.
92. **Question:** A Simple Agreement for Future Equity (SAFE) is a debt instrument that always requires regular interest payments before conversion to equity. **Answer:** F **Feedback:** The sentence is FALSE. A SAFE is an investment contract, not a debt instrument, and it typically does not accrue interest or require regular payments; its purpose is to convert into equity at a future financing round.
93. **Question:** Private equity firms primarily focus on investing in early-stage startup companies, similar to angel investors. **Answer:** F **Feedback:** The sentence is FALSE. Private equity firms primarily invest in existing, more mature privately held firms or take publicly traded companies private through leveraged buyouts (LBOs), differing from the early-stage focus of angel investors or venture capitalists.
94. **Question:** The main purpose of a stock exchange listing after an IPO is to directly provide additional capital to the issuing company through continuous share sales. **Answer:** F **Feedback:** The sentence is FALSE. While an IPO raises capital for the issuing company, the main purpose of a stock exchange listing is to provide a public market for the **secondary trading** of existing shares among investors, offering liquidity to shareholders.
95. **Question:** The 'Winner's Curse' in IPOs suggests that investors who receive full allocation of shares are typically the most informed and will consistently achieve the highest returns. **Answer:** F **Feedback:** The sentence is FALSE. The 'Winner's Curse' indicates that investors who receive full allocation often do so because demand from others was low, implying they may have overestimated the value of the shares, leading to poorer performance.
96. **Question:** In a liquidation scenario, common stockholders always receive payment before holders of preferred stock with liquidation preference. **Answer:** F **Feedback:** The sentence is FALSE. Holders of preferred stock with liquidation preference are typically paid a minimum amount before any payments are distributed to common stockholders in a liquidation event.
97. **Question**: A "seed round" of funding, typically led by angel investors, always involves the issuance of common stock with full voting rights. **Answer**: F. **Feedback**: The sentence is FALSE. A seed round, especially with angel investors, often involves convertible notes or SAFEs (Simple Agreements for Future Equity) rather than immediate common stock, or preferred stock without full voting rights.
98. **Question**: Private equity firms typically hold their portfolio company investments for very short periods, usually less than one year, to maximize quick returns. **Answer**: F. **Feedback**: The sentence is FALSE. Private equity firms typically hold their investments for medium to long terms to implement operational improvements and achieve significant value creation before exiting.
99. **Question**: Venture capital firms prefer to invest in mature companies with established revenue streams and low growth potential, as these present less risk. **Answer**: F. **Feedback**: The sentence is FALSE. Venture capital firms specifically target early-stage, high-growth potential companies, even if they are pre-revenue, seeking significant returns on innovative but higher-risk ventures.
100. **Question:** Corporate investors, such as large companies, invest in private firms solely for financial returns, with no interest in strategic objectives. **Answer:** F. **Feedback:** The sentence is FALSE. While corporate investors seek financial returns, they often invest in private companies for **corporate strategic objectives** (e.g., access to new technology, markets, or talent), in addition to or sometimes even prioritized over purely financial returns.