M&A PLAYBOOK *by* VARDAR | ŞANLI

GUESS THE TERM

No.7

HOW TO PLAY

Guess the hidden six letter industry related word. The colors of the letters in the five clue words indicate how close your guess is to the correct word.

- **GREEN:** The letter is in the word and in the correct spot.
- **YELLOW:** The letter is in the word but in the wrong spot.
- **GRAY:** The letter is not in the word at all.

Best of luck!

Find the answer is on page 3.

D	E	B	T	O	R
L	E	D	G	E	R
B	R	E	A	C	H
A	L	L	E	G	E
?	?	?	?	?	?

ANSWER

GUESS THE TERM

ANSWER:

P	L	E	D	G	E

In corporate transactions and financing, a pledge is a security interest in the nature of a limited right in rem, created over shares or other assets to secure the performance of a debt or other obligation. As a general principle, a pledge allows ownership of the pledged asset to remain with the debtor or pledgor, while providing the creditor with a strong form of security by enabling it, in the event of default, to satisfy its claim from the pledged asset with priority. Particularly in M&A transactions and financing arrangements, pledges serve as an important security mechanism that strengthens the creditor's position and contributes to a balanced allocation of financial risk between the parties.