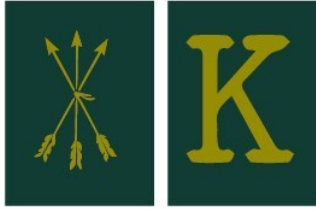


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PRIVATE WEALTH SYNDICATE



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What Is a Syndicate?

A syndicate is a temporary, professional financial services alliance formed for the purpose of handling a large transaction that would be hard or impossible for the entities involved to handle individually.

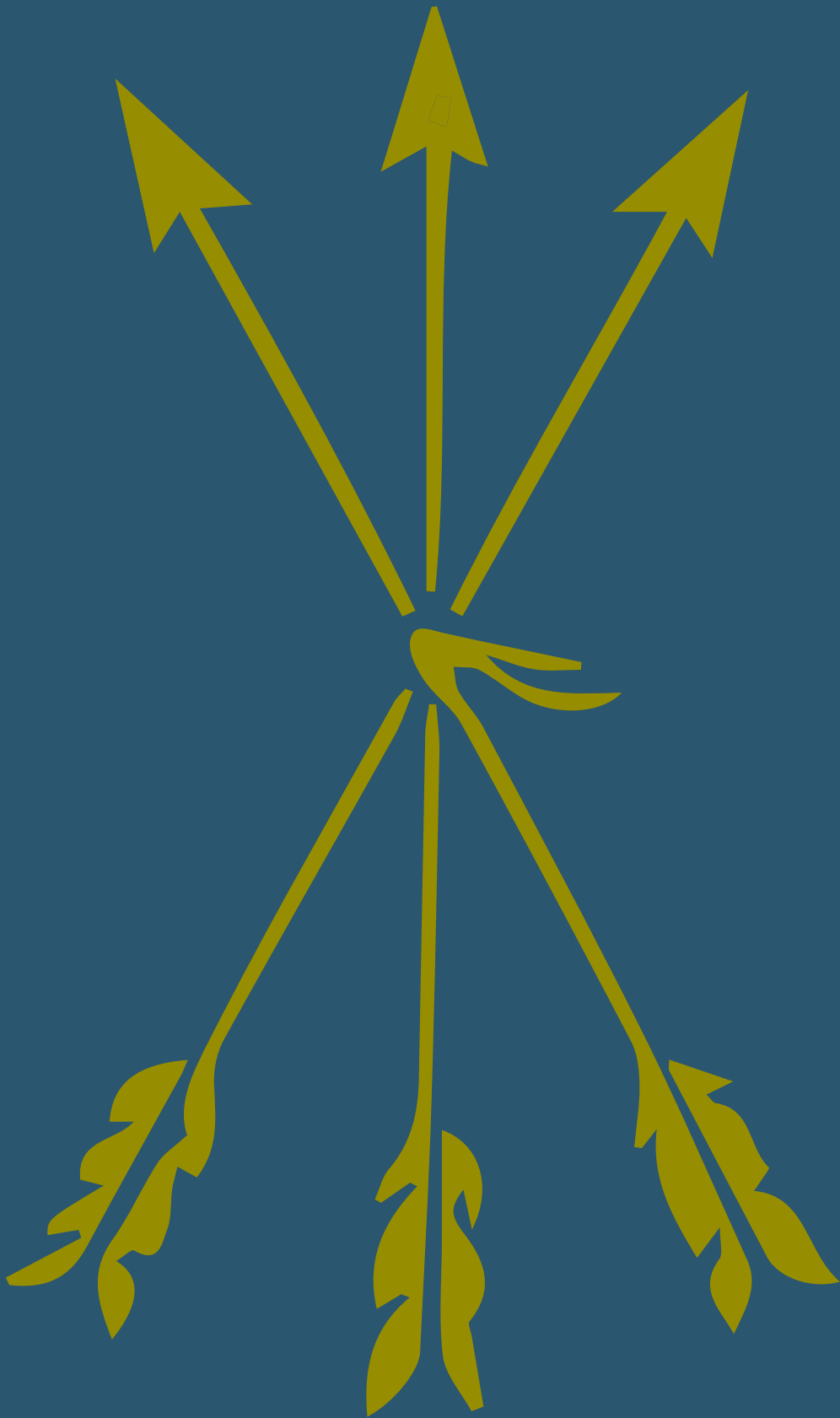
Syndication allows companies to pool their resources and share risks. There are several different types of syndicates, including underwriting syndicates, banking syndicates, and insurance syndicates.

Understanding Syndicates

In many cases, businesses that set up a syndicate operate in the same industry—several financial services or media companies will band together to form a syndicate. A separate entity is created to apply their expertise to a product or service. Syndicates are generally considered a partnership or corporation for tax purposes.

Companies may form a syndicate for a specific business venture if it promises the potential for an attractive rate of return. The amount of risk taken on by each syndicate member can also vary. For instance, an undivided account in an investment banking syndicate means each underwriter in the syndicate is responsible for selling an allotted amount of stock along with any excess shares not sold by the syndicate as a whole. An individual member may have to sell far more securities than allotted. Other syndicates limit the amount of risk for each member.

Some projects are so large that no single company has all of the expertise needed to efficiently complete the project. This is often the case with large construction projects such as a stadium, highway, or railroad project. In situations like these, companies may form a syndicate that allows each firm to apply its specific area of expertise to the project.



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