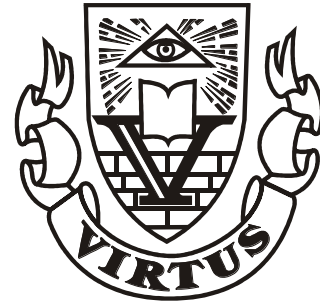


RISK GOVERNANCE & CONTROL: Financial markets and institutions

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This paper highlights the origin of the stock market in Brazil, and traces the reforms that have been undertaken to develop the stock market. It also highlights the growth of the Brazilian stock market, as well as the challenges currently facing the market. The country has one big stock market, known as the BM&FBOVESPA, which is one of the world's largest stock markets. Over the years, a number of stock market reforms have been implemented in Brazil. Among these reforms have been the restructuring of the financial market, the replacement of the traditional trading systems by full electronic trading systems, the enactment of new laws governing the stock market, as well as the revision of the existing laws. In addition, the formation of a regulatory body known as Securities and Exchange Commission (CVM) in 1976 also assisted in the creation of an environment conducive for the growth and development of the stock market. Since the implementation of these reforms, the Brazilian stock market has developed significantly in terms of market capitalisation, the total value of stocks traded, and the turnover ratio.

**COMPARATIVE ECONOMIC EFFICIENCY, OPERATING COSTS
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W J (Wessel) Pienaar

The paper deals with aspects of efficiency within the five modes of freight transport, with special reference to the operating cost and fuel consumption rates between South Africa's largest industrial cities and seaports. In particular, the paper deals with (a) the opportunities that exist for the achievement of efficiency in freight transport; (b) the subgroups of economies that can enhance efficiency attainment in the freight transport industry; (c) prevailing cost structures, operating cost and fuel consumption rates within the five modes of freight transport; and (d) the salient economic features of the freight transport market. The research approach and methodology combine (a) a literature survey; (b) empiric research, (c) an analysis of the cost structures of freight transport operators from different modes of transport; and (d) interviews conducted with specialists in the freight transport industry.

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J.H. Havenga, J. van Eeden, W.J. Pienaar

The Cross-Border Road Transport Agency (CBRTA) in South Africa aims to encourage and facilitate trade between South Africa and its neighbouring countries. The CBRTA sponsored a study by Stellenbosch University (SU) to determine the logistics cost impact of cross-border delays between South Africa and its major neighbouring trading partners, and prioritise opportunities for improvement. SU is the proprietor of both a comprehensive freight demand model and a logistics cost model for South Africa, which enable extractions and extensions of freight flows and related costs for specific purposes. Through the application of these models, the following information is identified and presented in this paper: South Africa's most important border posts (based on traffic flows); a product profile for imports and exports through these border posts; the modal split (road and rail); the annual logistics costs incurred on the corridors feeding the border posts, as well as the additional costs incurred due to border delays.

The research has proved that the streamlining of border-post operations that take a total supply chain view (i.e. of both border operations and those that could be moved from the border) is beneficial.

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WS Nel, BW Bruwer, NJ le Roux

Despite the popularity of multiples among analysts in practice, the emerging market literature offers little empirical guidance for the use thereof. This paper investigates the relative valuation performance of various value drivers when valuing the equity of South African companies listed on the JSE Securities Exchange for the period 2001-2010. The empirical results revealed, among other findings, that earnings-based value drivers offered the highest degree of valuation accuracy, while cash flow- and sales-based value drivers offered the lowest degree of valuation accuracy. Dividend- and asset-based value drivers offered average results. An interesting phenomenon was that, contrary to popular belief, cash flow-based value drivers only offered marginal improvements in valuation accuracy *viz-à-viz* sales-based value drivers; and not consistently so.

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Dinh Tran Ngoc Huy

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Fernando Scarpati, Wilson Ng

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