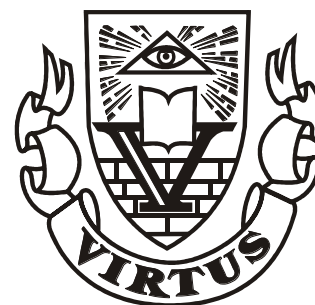


RISK GOVERNANCE & CONTROL: Financial markets and institutions

VOLUME 3, ISSUE 1, 2013, CONTINUED - 1

CONTENTS



THE IMPORTANCE OF THE IMPACT OF POLITICAL RISK FACTORS IN SOUTH AFRICA

74

R Essel, F J Mostert

The objective of this research paper embodies the improvement of financial decision-making by a particular enterprise, industry, geographical region or country operating in an emerging market economy, pertaining to the importance of the impact of political risk factors. A literature study as well as an empirical survey was done to achieve the study's objective. The conclusions of this research should also be valuable to other enterprises, industries, geographical regions or countries which operate in an emerging market economy.

CURRENT EXPOSURE METHOD FOR CCP's UNDER BASEL III

82

Dr Antonie Kotzé, Paul du Preez

Exposure-at-default is one of the most interesting and most difficult parameters to estimate in counterparty credit risk. Basel I offered only the non-internal Current Exposure Method for estimating this quantity whilst Basel II further introduced the Standardized Method and an Internal Model Method. Under new Basel III rules a central counterparty is defined as being a financial institution. New principles set out by the Basel Committee on Banking Supervision forces Central Counterparties in using the Current Exposure Method when estimating the credit exposures to Clearing Member banks notwithstanding its shortcomings. The Current Exposure Method relies on the Value-at-Risk methodology and its characteristics are discussed in this note. Authors will particularly investigate exposures to SAFCOM, the South African clearing house and point to a mathematical discrepancy on how netting is effected through the Basel accord.

THE DYNAMICS OF STOCK MARKET DEVELOPMENT IN THE UNITED STATES OF AMERICA

93

Sheilla Nyasha, NM Odhiambo

This paper highlights the origin and development of the stock market in the United States of America. The country consists of several stock exchanges, with the three largest being the NYSE Euronext (NYSE), National Association of Securities Dealers Automated Quotation (NASDAQ), and the Chicago Stock Exchange. Stock market reforms have been implemented since the stock market crash of 1929; and the exchanges responded positively to some of these reforms, but not so positively to some of the reforms. As a result of the reforms, the U.S. stock market has developed in terms of market capitalisation, the total value of stocks traded, and the turnover ratio. Although the U.S. stock market has developed over the years, its market still faces wide-ranging challenges.

**HIV AND AIDS IN SOUTH AFRICA: A SOCIAL AND MORAL RESPONSIBILITY
IN SHAPING ORGANISATIONAL ACTION** **103**

Renitha Rampersad

In recent years, the interest in corporate social responsibility issues has shown an increase. Worldwide problems, especially those related to HIV/AIDS, caught public attention towards Corporate Social Responsibility (CSR) themes. In a country with more people living with HIV/AIDS than in any other nation (UNAIDS 2007), prevention and treatment is critical. HIV/AIDS is seen to be threatening the communities in which businesses are functioning and is further threatening the business itself.

This article examines the moral and social responsibility of the corporate sector in its effort to deal with the issue of HIV/AIDS. Big business leaders have recognized the threat of HIV/AIDS to the workplace and have positioned responses towards the disease from an ethical, legal and cost-effective business perspective; however the response from small to medium businesses is relatively weak.

This article conveys a descriptive critique, based on bibliographic research on Corporate Social Responsibility, HIV/AIDS and related concepts.

TWO COMMON STEPS IN FIRMS' FAILING PATH **108**

Marisa Agostini

This paper aims to identify two steps which are common to the path of all failing firms and result from their financial statements. Their identification support the explanation of business failure (in both fraud and no-tort cases) as encouraged by authoritative literature (Cybinski, 2001; Parker, 2012).

The analysis has been conducted through all the fraud cases (and the matched not-tort cases) mentioned by WebBRD. It has been developed through different phases: content analysis for the identification and categorization of micro-failures, a deep analysis of time variable and the implementation of survival analysis for the failing path explanation.

**LIBERTY THROUGH LIMITS: THE BILL OF RIGHTS
AS LIMITED GOVERNMENT PROVISIONS** **122**

Patrick M. Garry

Under the modern view, individual autonomy has become the primary if not exclusive focus of the Bill of Rights. But the Bill of Rights came about not because of a desire to preserve individual autonomy, nor to insulate the individual from the democratic community. The impetus for the Bill of Rights arose from the same set of concerns that motivated the original Constitution. These concerns involved creating the appropriate structures so as to keep the new central government in check. The Bill of Rights sought to further ensure that the federal government would have limited power and operate in a limited role. Not only does this limited government model coincide with the original intent underlying the Bill of Rights, but it also provides for a more objective and manageable application. Under an individual autonomy view of the Bill of Rights, courts must define the ingredients necessary for such autonomy. However, this endeavor is fraught with ambiguity, and courts must constantly pit the individual against democratic society. But under the limited government model, the judicial role is more objective. Instead of trying to define an ambiguous individual autonomy, courts simply need to focus on whether a particular right is needed so as to maintain limited government. In addition, the limited government model does not put the Bill of Rights in conflict with democratic society. Instead, it just uses the Bill of Rights to maintain a check on government, just as the original Constitution seeks to do.