

7 Endnotes

1. An example of an exchange-driven market is the South African bond market – the exchange is called Bond Exchange of South Africa (BESA).
2. This instrument has different meanings in different countries. In certain countries warrants are retail options, while in others they are options to take up further shares.
3. LCC is a currency code for a fictitious country: Local Country [Currency].
4. Section 76 of the (South African) Companies Act; “Premiums received on issue of shares to be share capital, and limitation on application thereof”.
5. The (South African) Companies Act: “Proceeds of issue of shares of no par value to be stated capital”.
6. This type of demarcation in voting rights was popular with Black Economic Empowerment (BEE) companies in South Africa in the late nineties and early in the new millennium, but the main shareholders of listed companies are not in favour of this arrangement
7. Called Secondary Tax on Companies (STC) in South Africa.
8. South Africa.
9. For example, in 2004 South African bank ABSA issued convertible preference shares to a BEE consortium (BEEC). The terms of the issue were that the BEEC could convert the preference shares to ordinary shares over a two-year period, starting three years after the issue date, and the price was determined upfront. These shares were also endowed with full voting rights.
10. See www.warrants.co.za.
11. Note here that we regard equity as *borrowing*, which it most certainly is in the case of preference shares. Equity acquired by the issue of ordinary shares may be regarded as *perpetual borrowing* (it has a bond equivalent in the form of the *perpetual bond*).
12. Based on the data available for South Africa, which applies to most markets.
13. Capital Asst Pricing Model and [Gordon] Constant Growth Dividend Discount Model.
14. In the first world economies; this is not necessarily true in the undeveloped world.
15. This section draws on many of the publications mentioned but particularly Pilbeam (1998).
16. See Mayo (2003: 163–16).
17. There may be a few exceptions.
18. This section draws substantially on: www.jse.co.za. A number of conversations were also conducted, and emails swapped, with JSE personnel. They were most helpful and are thanked for their benevolent spirit.
19. These are the requirements for listing on the South African exchange, but they will be similar in many other countries.
20. www.jse.co.za
21. www.jse.co.za
22. See www.jse.co.za
23. Listings Department of the JSE.
24. This section draws on www.jse.co.za, other sources mentioned in the bibliography and personal experience, but largely on the first-mentioned. These apply the South African exchange, but they will be similar in many other countries.

25. This section draws on www.jse.co.za, other sources mentioned in the bibliography and personal experience, but largely on the first-mentioned. These apply to the South African exchange, but they will be similar in many other countries
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27. The JSE in South Africa.
28. These apply to the South African exchange, but they will be similar in many other countries
29. Recall that the largest investors are the retirement funds, the insurers and the unit trusts (and in some countries exchange traded funds – ETFs).
30. In South Africa a few JSE members do so in certain of the larger market capitalisation shares.
31. Information mainly from the JSE (various forms) (2002).
32. Most exchanges have a dealing / accounting system internally and for members. We call this system the Broker-dealer Accounting (BDA) system.
33. This differs from country to country.
34. This draws on Mayo (2003, pp. 271–283) and Reilly and Brown (2003, pp. 176–181).
35. Not entirely so, but the technique will not be discussed here because this is an introductory text.
36. There are numerous excellent works on equity valuation. They are mentioned in the bibliography. Here we highlight: Bodie, Kane, and Marcus (1999); Reilly and Brown (2003); and Mayo (2003).
37. This draws substantially on Reilly and Brown (2003: 377–393) and Mayo (2003: 250–271).
38. The example is adapted from Reilly and Norton (2003: 536–537).
39. This section is attributed to Jan Faure and David Southey of stockbroker Independent Securities (Pty) Limited. This firm specialises in research of this nature.