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СОБСТВЕННОСТЬ И КОНТРОЛЬ**

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EDITORIAL

Dear readers!

The recent issue of the journal *Corporate Ownership and Control* pays attention to issues of risk modelling, stock efficiency, social reporting, loan-corporate governance impact, executive compensation, access to capital etc. Performance accountability, corporate audit and corporate governance disclosure, independent and non-independent directors, impact of ownership structure on default risk of banks are also under the scope of researches. More detailed issues are given below.

Darren O'Connell and Barry O'Grady highlight the importance of probing beyond standard textbook theory which assumes, for risk modelling purposes, that an asset's return should follow a Normal distribution. *Tong Tong, Bin Li and Omar Benkato* use recent daily data and several testing procedures to re-investigate the weak-form efficiency of the Australian stock of the top 50 companies across different industries. *Anna-Lena Kühn, Markus Stiglbauer and Janina Heel* conduct qualitative content analysis based on the Global Reporting Initiative guidelines. *Judy Day, Paul Mather and Peter Taylor* motivated by a paucity of research into the impact of corporate governance from a debtholder perspective examine the impact of corporate governance on loan monitoring decisions. *Hiroshi Ohnuma* examines corporate tax avoidance as a determinant of executive compensation on the basis of equity risk incentives. *Ramzi Benkraiem and Anthony Miloudi* aim at studying the effect of export activity, viewed as a way of estimating small business internationalization, on access to bank capitals during the recent global crisis.

Ichiro Iwasaki explores the corporate audit system in transition Russia. *Chen-Chin Wang, Fan-Hua Kung and Kai-Hsun Lin* investigate whether the Big N audit firms in emerging markets can provide audits of high quality and mitigate information risk, by comparing the audit quality of Big N audit firms in Taiwan with those in China. *Mark Mulgrew and Roisin Reynolds* provide exploratory evidence on the levels of corporate governance disclosure quality and compliance in a sample of 40 UK listed firms throughout the period 2002 to 2009.

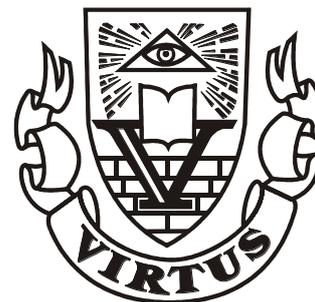
Hooy Chee-Wooi, Tee Chwee-Ming examines the monitoring effectiveness of independent and non independent directors on a CEO pay-performance of Malaysian financial firms from 2002-2009. It is based on the agency and managerial power theory. *Khadija Ashfaq, Zahid Irshad Younas and Bilal Mehmood* empirically investigate the impact of ownership structure on default risk of banks by using the panel data of commercial banks of Pakistan over the period of 2005-2011.

We hope that you will enjoy reading the journal and in future we will receive new papers, outlining the most important issues and best practices of corporate governance!

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Darren O'Connell, Barry O'Grady

This research highlights the importance of probing beyond standard textbook theory which assumes, for risk modelling purposes, that an asset's return should follow a Normal distribution. Methods of modelling the stochastic price process of two illiquid securities, in order to manage price risk within a simple GARCH Value-at-Risk framework are examined. This analysis was developed using Microsoft Excel, IHS's EVIEWS and Palisade's Decision Tools Suite. These widely used tools are chosen to allow for ease of replication of this analysis for any interested market participant and can be expanded to portfolios of liquid and illiquid assets. By ensuring a strict and efficient risk modelling template owners and managers alike are in turn held accountable to all company stakeholders.

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Tong Tong, Bin Li, Omar Benkato

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Anna-Lena Kühn, Markus Stiglbauer, Janina Heel

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Judy Day, Paul Mather, Peter Taylor

Motivated by a paucity of research into the impact of corporate governance from a debtholder perspective, we examine the impact of corporate governance on loan monitoring decisions. The active and close involvement of a major UK bank facilitated the development of extremely realistic experimental scenarios with a great deal of accurate institutional detail. The results show that the likelihood of loan officers increasing the level of monitoring in the context of a debt covenant breach is associated with board independence, director financial expertise and the presence of a blockholder. A two-way interaction between financial expertise and board independence is also documented. Since likelihood of debt covenant breaches continues to be an important variable in studies of accounting choice and corporate finance the paper provides insights into associated debt contracting costs and their determinants.

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Hiroshi Ohnuma

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Ramzi Benkraiem, Anthony Miloudi

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Chen-Chin Wang, Fan-Hua Kung, Kai-Hsun Lin

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Mark Mulgrew, Roisin Reynolds

A fundamental aspect of good corporate governance is the protection of shareholders and their investments. These stakeholders are now demanding increasing levels of transparency in all aspects of business with a greater emphasis being placed on non-financial information for investment decision making. While the majority prior research has examined the corporate governance practices of the firm, research investigating the actual disclosure of corporate governance practice is scarce. This study contributes to this debate by providing exploratory evidence on the levels of corporate governance disclosure quality and compliance in a sample of 40 UK listed firms throughout the period 2002 to 2009.

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Chee-Wooi Hooy, Chwee-Ming Tee

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Khadija Ashfaq, Zahid Irshad Younas and Bilal Mehmood

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