JOURNAL OF GOVERNANCE AND REGULATION

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EDITORIAL

Dear readers!

The recent issue of the journal is devoted to several governance and regulation issues.

Patrick Velte and Markus Stiglbauer provide a state of the art analysis of the empirical research results with regard to auditor and audit firm rotation that could increase auditor independence.

Isabel Argimon, Gerard Arqué Castells and Francesc Rodríguez Tous gather empirical evidence on the effects of more or less stringency and more or less risk sensitivity in regulatory capital requirements on the observed behavior of European banks during the initial years of the financial crisis. They use the indices built in Argimón and Ruiz (2010), which capture such characteristics of capital regulation. Authors test their incidence using changes in yearly data for individual banks for 25 countries of the European Union covering the period 2007-2009.

Guoxiang Song evaluates several methods which can possibly be used to minimize the pro-cyclical impact of accounting rules on bank capital regulation.

Monal Abdel-Baki examine, using the GMM method, the impact of introducing the new capital and liquidity requirements on the macroeconomic performance of the Egyptian economy.

W.J. Pienaar, A. de Bod and J.H. Havenga highlight the significant cost-reduction opportunities possible through economies of density achievable in rail freight transport, especially over long distances, and the concomitant implications for increased profitability for railway organisations in Southern African countries

Benjamin F. Cummings and Michael S. Finke review economic theory related to investment advice that explains why financial advisors need to be carefully regulated, why principles-based regulation is more efficient than rules-based regulation, why dual regulation of financial professionals providing investment or insurance advice is inefficient and inequitable policy and why the application of a universal and uniform fiduciary standard will be difficult to implement.

Sankarshan Acharya proves the existence of a practically implementable system of governance necessary to attain the most efficiently competitive economy without the arduous collection of private information on individual preferences through a central planner.

We hope that you will enjoy reading the journal and in the future we will receive new papers, outlining the most important issues in the field of governance and regulation.

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CONTENTS