

Private Contracting and Corporate Governance: Evidence from the Provision of Tag-Along Rights in an Emerging Market*

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ABSTRACT: Although private contracting is an alternative to legal protection of minority investors little is known about the incentive for controlling owners to provide minority protection. This paper analyses controlling owners incentive to provide non-controlling owners with better protection against self-dealing. Theoretically we analyse the benefits and costs for controlling shareholders to extend tag-along rights to minority investors. Empirically we test the implications of the model using data on equity offerings in Brazil. Consistent with the theoretical predictions we find that the probability of minority protection is a) increasing in the controlling owners cash flow stake, b) decreasing in the level of disproportional ownership and c) increasing in the stake of the firm being offered.

JEL CLASSIFICATIONS: G30, G32, G34 and G38

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1 Introduction

Why do controlling owners make private contracts that increase the level of investor protection for non-controlling shareholders? Why do controlling owners voluntarily give up the right to expropriate resources from non-controlling owners in the future? This is a key issue in corporate governance because it illustrates the scope and limitation for private contracting to substitute or complement public regulation in improving corporate governance.

In the present paper we analyze this question focusing on why controlling owners sell shares with tag-along rights. A tag-along right is a right that secures that in the event of a takeover, all shares within a given class will receive the same price. We analyze theoretically benefits and costs for controlling shareholders of issuing tag-along rights and test our results using data from Brazil.

The following examples illustrate that controlling owners' interest in expropriating non-controlling owners can be significant: In August 1997 Endesa España made a tender offer to the shareholders of Chile's largest private energy sector holding company, Enersis S.A. Endesa offered to buy the superior voting shares for USD 253.34 plus five Endesa options and the limited voting shares for USD 0.30 per share. Prior to the tender offer Enersis was controlled by five investment funds which again were controlled by the management and former employees of Enersis. Thanks to Enersis' dual class share structure this group managed to control the firm with less than 1 percent of cash flow rights.

Another example from Brazil illustrates that expropriation may involve government ownership as well. In 2000, the Brazilian Government was the controlling owner of the Banespa bank with 66.7 percent of the voting shares (33.3 percent of the total cash flow rights). In November 2000 the Government decides to sell their stake to the Spanish bank Banco Santander Central Hispano. The offer given by Banco Santander was 912 percent above the current share price of the voting shares. The combination of absence of both mandatory tender offers and tag-along rights in Banespa's shareholder agreement made it possible for Banco Santander only to give a tender for the Government's shares without a tender offer to the residual voting shareholders or to the preference shareholders.¹

Such expropriation of non-controlling shareholders in Chile and Brazil can take place because

¹The are several other examples of recent takeovers in Brazil where minority investors have suffered the same fate, e.g. the takeover of the brewing group Quilmes by Ambev of Brazil and the takeover of the natural resource group Perex Companac by Petrobras (both in 2002).

the minority shares do not carry tag-along rights. In the presence of full tag-along rights, Endesa España and Banco Santander would be required to extend their offers to the shares of the non-controlling owners, which would have made the price unrealistic high. Compare the above examples to the HSBC takeover of the Brazilian firm Bital in August 2002. Bital was owned by the Berrondo family, Banco Santander, and other shareholders. The Berrondo family owned 54 percent of both the voting and cash flow rights at the time of the takeover. Without tag-along rights HSBC would have been able to acquire the controlling stake from the Berrondo family and thereby obtain control with 54 percent of the votes. However, Bital has extended full tag-along rights to minority shareholders and consequently HSBC was forced to acquire all outstanding shares. It is natural to believe that the price that the Berrondo family received from their shares was much lower than what they could have obtained in the absence of tag-along rights.

We believe that tag-along rights is an important example of private contracting in corporate governance for two reasons: First, it is an instrument that is used voluntarily by controlling owners to increase investor protection for non-controlling owners and, therefore, addresses one of the most central issues in corporate governance. Second, most private contracts are hard to observe for researchers, since there are no systematic data available on private contracting. However, in Brazil (and a few other emerging markets) it is publicly announced if shares have tag-along rights or not. This implies that it is possible to analyze empirically the incentives to engage in this form of contractual corporate governance.

The objective of this paper is twofold. The first part of our paper analyzes theoretically a controlling owner's incentive to issue shares with tag-along rights. The key benefit of tag-along rights from a controlling owner's perspective is that it is a commitment not to sell the firm to new owners that are not able to create weakly more value. In the absence of tag-along rights, the owner may sell to new investors who create less value but are willing to pay the controlling owner more in order to expropriate the resources of the non-controlling owners. Our first result shows that when the controlling owner is the sole owner of the company and therefore internalizes the full cost and benefits of tag-along rights, he will always issue shares with tag-along rights.

We then proceed to study the case where there is a group of minority shareholders without tag-along rights already present in the firm. Issuing new shares with tag-along rights now implies a rent transfer from the controlling owner to the existing - unprotected - minority owners. If the group of minority owners is sufficiently large it is beneficial for the controlling owner not to issue tag-along rights. Thus, tag-along rights may not be used when there is an externality

present.

Our model delivers a number of testable results which we tests on data from equity offerings in Brazil. We combine data from three sources: First, data on equity issues are from the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários - CVM). Second, we obtain the ownership structure prior to the issue from the firms' CVM filings which are equivalent to 20-F files in the US. Third, we identify companies that have tag-along rights using data from The São Paulo Stock Exchange (BOVESPA).

Our dataset consists of 99 observations where each observation represents an equity offering. Our empirical analysis confirms the are the following. 1) If a firm is owned by a single shareholder, all equity offerings shall come with tag-along rights; 2) Companies that issues shares with tag-along rights have a smaller group of existing minority shareholders than companies that issues shares without take-along rights; 3) Companies that issues shares with tag-along rights sell larger claims than companies that issues shares without take-along rights; 4) Companies that issues shares with tag-along rights have less disproportional ownership structures than companies that issues shares without take-along rights; and, 5) Consider the group of offerings with tag-along rights. Companies that issue new shares (primary offering) sell larger claims than companies that sell existing shares (secondary offering).

The paper proceed as follows: Section 2 builds a simple model that provides testable results characterizing a controlling owner's incentive to issue shares with tag-along rights. Section 3 describes our empirical data and tests the implication of our model. Section 4 concludes.

2 A Model of Tag-Along Rights.

To frame the following empirical analysis we sketch a very simplified model that provide suggestive channels through which it is possible to analyze the incentives that a controlling owner (founder) has to provide private protection of minority owners. We follow the legal approach in many countries and assume that tag-along rights have to be given to all shares within a given class of shares. The model consist of three days and focus on the controlling owner's decision to sell minority share with or without tag-along rights. The model has three dates.

Assume that there is a controlling owner of a single firm, which we will denote the founder, f . In addition to the founder there exists a group of old minority owners, who possess a cash flow stake of $\alpha_o \geq 0$. At date 1 in our model, the founder sells a stake, α_n of the firm to a new group of minority owners. We assume that the old and new minority owners are different

and that neither of the groups will possess any control rights absent of any tag along rights that the controlling owner decides to give the minority owners. Tag.along rights are defined as a right to receive the same price for shares as the controlling owner in any future sale of controlling ownership. We assume the acquirer will pay a price that makes them break even on the investment in the company and that there is no discounting between periods.

If the firm keeps its current controlling owner, he is able to create value of V_c at date 2. We assume that the controlling owner can divert cash flow d_c at no cost, $0 \leq d_c < 1$. After the founder has diverted resources, $V_c - d_c$ is paid out to the owners according to the distribution of cash flow rights.

Now, at Date 1, after the founder has sold shares to the new minority owners and before any value is realized there is a probability ρ that a potential buyer comes and makes an offer for the founders ownership stake. To introduce a role of tag-along right we assume that the buyer is a worse owner/manager than the founder. To be specific, we assume that the buyer can only generate value $v_b < v_f$. On the other hand we also assume that the buyer is better at diverting resources than the founder. To be specific we assume that the buyer can divert d_b after he takes control and that $d_f < d_c \leq V_b$.²

The buyer offers a price p_f for one unit of the controlling owner's ownership stake and a price p_m per unit of minority ownership. The founder receives thus $(1 - \alpha_o - \alpha_n)p_f$ for his stake in the firm and the two groups of minority owners receives respectively $\alpha_o p_m$ and $\alpha_n p_m$ for their stakes. Now the crucial feature of tag-along rights in this model is that given tag-along rights, the minority owners can demand the same price as the controlling owner per unit of shares, i.e. p_f must be equal to p_m .

The following time line illustrates the model:

The model is solved through backward induction. The minority owners will pay a price for the new shares which are equal to the expected value of the shares at date 2.

2.1 No existing minority owners

We begin with the simplified case, where $\alpha_o = 0$, i.e. there are no existing minority owners. For simplicity, we assume that $\rho = 1$, i.e. that it is known for sure that a new buyer arrives who creates value, V_b and diverts d_b .

²It is straight forward to extent the model with a distribution of potential buyers that differs both in value creation and potential for private benefits extracting. In such an extention we can allow for some potential buyers creates more value and diverts less than the founder.

2.2 Existing minority owners

Next, we analyze the situation where there is a group of old minority owners, α_o without tag-along rights.

First, assume that the founder sells the new shares with tag-along rights. The condition for sale of the firm at date 1 is unchanged and we conclude that the firm will never be sold and the price of the new shares will be $p_{\alpha_n} = \alpha_n * V_f$. However, the value of the firm for the founder internalizing this sale is now only $(1 - \alpha_o)V_c$.

Second, assume that the founder sells without tag-along rights. In this case the firm will be sold iff $\frac{v_b}{v_f} \geq (1 - \alpha_n - \alpha_o)$. Notice, that this condition is always satisfied for sufficiently large minority stakes.

Proposition 2 *Assume that there exists minority owners, α_o , without tag-along rights before the new share issues. Then:*

- a) *The founder's payoff from selling shares with tag-along rights decreases in α_o .*
- b) *If α_o sufficiently large, the founder will sell the new shares without tag-along rights.*

The intuition behind the proposition is the following. Issuing tag-along rights secure that the firm will end up with the owners' that create most value, which is good for the founder. However, there is a cost of issuing tag-along rights because there is a transfer of rent from the founder to the old - previously unprotected - minority owners. This is an externality for the founder and the cost increases in the size of the old minority claims. Part b) shows that when this externality is too large, the founder will prefer to issue share with tag-along rights even though he recognizes the possibility that he will sell the firm to a new buyer that creates less value and divert more.

Comparing Proposition 1 and 2 provides the main insight of the theoretical part of the model. In the absence of any externality it is in the interest of a founder to implement private contracts that maximize the total value of the firm. When founders do not implement socially efficient contracts it is because of the presence of externalities, in this case the transfer of rent to existing, unprotected minority owners.

2.3 Empirical Implications

The key insight from the propositions above contains the following empirical refutable implications:

Hypothesis 1 *If a firm is owned by a single shareholder, all equity offerings shall come with tag-along rights.*

Hypothesis 2 *Companies that issues shares with tag-along rights have a smaller group of existing minority shareholders than companies that issues shares without take-along rights.*

Hypothesis 3 *Companies that issues shares with tag-along rights sell larger claims than companies that issues shares without take-along rights.*

We also conjecture the following implications (to be proved in the next version of the paper):

Hypothesis 4 *Companies that issues shares with tag-along rights have less disproportional ownership structures than companies that issues shares without take-along rights.*

Hypothesis 5 *Consider the group of offerings with tag-along rights. Companies that issue new shares (primary offering) sell larger claims than companies that sell existing shares (secondary offering).*

These hypothesis are the foundation for the following empirical analysis.

3 Evidence from the Provision of Tag-Along Rights in Brazil

Evidence on the provision of tag-along rights in Brazil is interesting for at least four reasons. First, although Brazil classifies as an emerging market the Brazilian stock exchange accounts for nearly 70 percent of the trading volume in Latin America. Second, it is well-documented that the legal protection of minority investors in Brazil is poor: Brazil ranks 52 out of 72 in the anti-selfdealing index (Djankov et al., 2006) and laws are poorly enforced (La Porta et al., 2000). Third, Brasil has the *highest* average block premia among the countries in Dyck and Zingales (2004). Thus, in an international comparison the scope for contractual corporate governance is extremely high. Finally, Brazil's recent reforms of the governance system has fostered an almost idele laboratory for an empirical investigation of private contracting as a substitute for legal protection of minority investors.

Prior to 1997 the Brazilian law protected minority voting shareholders by a mandatory offer for all voting shares upon acquisition of control or crossing of the 50 percent voting power threshold at a price equal to the purchase price of the control block. In addition, in case the offer is extented to non-voting share the minimum price was equal to the book value per share.

In an effort to ease the privatization of Brazilian companies, Law 9457/1997 was adopted in May 1997. Among other things, the reform revoked the mandatory offer provision at an equal price.³ In October 1999, pressure from local pension funds and international institutional investors resulted in the provision of Law 10.303 by the Securities and Exchange Commission of Brazil. The law reinstated tag-along rights to voting shares at the 80 percent threshold. Preference shares still have no tag-along rights.

3.1 Data

We combine data from three sources to empirically investigate the incentive to issue tag-along rights in Brazil.

First, data on equity issues are from the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários - CVM). This data include information on the date of the issue, issue size, type and form. Second, we obtain the ownership structure prior to the issue from the firms' CVM filings which are equivalent to 20-F files in the US. Part 3 in the CVM filing includes information on the largest shareholders as well as the definition of the controlling group, as it is in the company's shareholder agreement. Third, we identify companies that have tag-along rights using data from The São Paulo Stock Exchange (BOVESPA). On their homepage, www.bovespa.com.br, BOVESPA publishes an up-to-date list of firms that voluntarily have extended tag-along rights to minority shareholders. The list provides information on the corporate resolution and the date of the event as well as information on whether the firm has extended full or partial tag-along rights.

Panel A in Table 1 shows the development of the Brazilian stock market from 2000 to 2006. Although the number of firms has decreased, the size of the Brazilian stock market has increased significantly from 2000 to 2006. The number of IPOs have been relatively modest, but has increased toward the end of the period.

We restrict the sample to offerings from January 2000 until November 2006. We do this to avoid spurious correlations driven by the period in-between the two legal reforms. In total 116 equity offerings occurred from 2000 to 2006. We exclude offerings for companies that a)

³Law 9457/1997 abolishes existing requirements to disclose the price of sales of 5 percent blocks of voting stock or more, including control sales. It further repeals article 254, which provides for a mandatory offer for all outstanding voting shares in case of a control transfer at the same price and terms as the control block sale. Non-voting shares have never been subject to a mandatory offer in Brazilian Law. Finally, the law eliminates withdrawal rights in most cases, including most mergers, and spin-offs, and lowers the price at which shareholders can withdraw in the cases in which withdrawal rights are still effective. See Nenova (2001) for a comprehensive overview of the legal reform.

already have full tag-along rights prior to the offering and b) small OTC offerings for which no reliable data sources exist. We thereby exclude 9 and 7 offerings, respectively. Thus, our dataset consists of 99 observations where each observation represents an equity offering. The distribution of offering across years is shown in Panel B in Table 1.

Panel C in Table 1 shows that the equity offerings are primary, secondary and a combination of both. Around 25 percent of all offerings are primary transactions, 37 percent are secondary, whereas the residual 37 percent is a combination of primary and secondary transactions.

In Brazil, some companies have decided to extend full tag-along rights with a 100 percent threshold for both voting and non-voting shares, whereas other firms have extended partial right by either including only voting share or by lowering the threshold. From Panel D it is evident that 54 of the issuing firms granted full tag-along rights, 6 granted partial tag-along rights (i.e. with a threshold below 100 percent), whereas 39 of the issuing firms decided not to provide tag-along rights to minority investors.

Table 2 provide descriptive statistics on the equity offerings conditional on whether no, partial or full tag-along rights were offered to minority investors. On average the relative size of the offering is larger for firms that grant full tag-along rights. Firms that grant full-tag along rights on average sell 39 percent of the firm, whereas issues with no tag-along rights on average is 21 percent of the firm. Similarly, the share of the transaction that is primary is larger for firms with full tag-along rights compare to firms granting no rights.

Table 2 also reports the average minority stake using three definitions of majority investors. At first glance it appears that ownership is extremely concentrated in Brazil. The largest owner on average possesses around half of the firm. It appears for all three measures of the minority stake that the stake possessed by majority owners is larger in firms that grant full tag-along rights. In addition, firms with no tag-along rights use disproportional ownership more frequently and conditional on having a disproportional structure, also tend to have a larger wedge between concentration of votes and cash flow rights.

3.2 Empirical results

We estimate the probability of firm i granting tag-along rights using a logit model, where the dependent variable is an indicator variable taking the value 1 if the firm extends full tag-along rights to the minority shareholders. Thus, the benchmark also include firms that grant partial tag-along rights. However, the direction of the potential bias will make it harder for us to

establish significant results.

Proposition 1 conjecture that firms in which the entire firm is owned by the founder should always sell shares with tag-along rights. Out of the 99 equity offerings, the founder possess the entire firm prior to the offering in 6 cases. In all 6 cases the founder choose to grant full tag-along rights to the new minority investors. We thereby gain empirical evidence in favor of proposition 1 (hypothesis 1).⁴ We therefore proceed by testing hypothesis 2 through 5.

Table 4 reports the results from the analysis of the incentive to grant tag-along rights to minority shareholders. We first test the four remaining hypothesis from the theoretical model separately (Model I through IV), and subsequently perform a joint test (Model V). As evident from the correlation matrix in Table 3, we do this because the explanatory variables are highly correlated.

Model I shows that the incentive to provide tag-along rights is negatively correlated with the minority investors' ownership stake. The marginal effect is significant both economically and statistically: an increase in the minority stake of 10 percentage points decreases the probability of granting tag-along rights with 8.5 percent - an effect that is significant at the 1 percent level. Thus, we find evidence consistent with hypothesis 2.

Hypothesis 3 is tested in Model II, which shows a positive and significant correlation between the relative offering size and issue of tag-along rights. The marginal effect reveals that if the relative size of the offering increases with 10 percent the probability of tag-along rights increases with 12.4 percent.

Model III shows that the wedge between the largest owner's voting and cash flows rights is negatively and significantly correlated with the extension of tag-along rights. Again, the marginal effect is large: if the wedge increases from 1 (proportional ownership) to 2 the probability of ob sering tag-along rights decreases with 51 percent. Thus, we find evidence in support of hypothesis 4.

Consistent with the predictions of hypothesis 5, Model IV shows a positive and significant correlation between tag-along rights and the share of the transaction which is primary.

Finally, in Model V we perform a joint test of hypotheses 2 through 5. Although our results generally lose significance due to multicollinearity (see Table 3), our three main results are confirmed. Firms with large minority investors are less likely to grant tag-along rights, whereas firms with relative large offerings and a large primary share have a significantly higher

⁴Note that we cannot test this as the variation in tag-along rights is fully identified by the variable of interest.

probability of extending tag-along rights.

3.3 Robustness

In this section we perform a number of robustness check related to the prior analysis. One valid concern with our results is the definition of majority versus minority investors. In the prior analysis we assumed that the majority owner is the largest owner of the firm. Although ownership (in an international comparison) is highly concentrated in Brazil, our results might be biased by measurement bias. In Table 5 we have therefore replicated our empirical analysis using two alternative definitions of the majority owner. In Model I through III we measure the majority ownership stake by the sum of three largest owners, whereas in Model IV through VI we use the controlling coalition reported by the firm to the Securities and Exchange Commission of Brazil.⁵ Table 5 clearly shows that generally non of our results are affected by the definition of majority owner(s).

4 Conclusion

To be written...

⁵In Brazil it is mandatory to report the ownership stakes of the controlling coalition in the CVM-filing, which is the Brazilian equivalent to the 20-F statement in the US.

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Table 1, Development of the Brazilian Stock Market 1998-2006

This table shows the development of the Brazilian stock market from 1998 to 2006. Panel A reports total market capitalization in billion USD, number of listed firms and number of IPOs, Panel B reports the number of equity issues and their type, whereas Panel C reports the number for firms granting full or partial tag-along rights to the shareholders.

	2000	2001	2002	2003	2004	2005	2006	Total
A. Market development								
Market capitalization (bn USD)	225	185	124	234	341	482	723	
Number of listed firms	459	428	399	369	358	343	375	
Number of IPOs	5	5	2	2	8	7	14	51
B. Equity issues								
All issues	17	14	17	4	13	18	33	116
Sample of issues	13	10	17	4	11	17	27	99
C. Type of issue								
<i>Primary issue</i>								
- Number of issues	5	2	5	1	1	4	7	25
- Share of all issues (%)	38.5	20.0	29.4	25.0	9.1	23.5	25.9	25.3
<i>Secondary issue</i>								
- Number of issues	7	7	10	2	3	5	3	37
- Share of total issues (%)	53.8	70.0	58.8	50.0	27.3	29.4	11.1	37.4
<i>Combination of primary and secondary issue</i>								
- Number of issues	1	1	2	1	7	8	17	37
- Share of total issues (%)	7.7	10.0	11.8	25.0	63.6	47.1	63.0	37.4
D. Provision of tag-along rights								
Full tag-along rights (N, firms)	1	0	7	0	9	13	24	54
Partial tag-along rights (N, firms)	0	0	4	0	1	0	1	6

Table 2, Descriptive Statistics on Equity Issues in Brazil, 2000-2006.

This table shows the descriptive statistics on equity issues in Brazil from 2000 to 2006. We report the mean and median of the variables for firm firms that have granted no, partial or full tag-along rights to shareholders. We measure the minority stake using three definitions of the majority owners(s): the largest owner measured by votes, the 3 largest owners measured by votes and the group of controlling owners as defined by the firm in its ownership filing at the Securities and Exchange Commission of Brazil. Disproportional ownership is a dummy for whether votes are more concentrated than cash flow and wedge is defined as the largest owner's share of votes over share of cash flow. We only report the wedge for firms with a disproportional ownership structure.

	Tag-along Rights					
	No		Partial		Full	
	Mean	Median	Mean	Median	Mean	Median
Minority stake (%)						
Largest owner	54.2	66.0	63.8	66.5	47.6	52.5
3 largest owner	46.3	44.0	51.3	61.0	26.5	26.5
Controlling owners	54.2	54.0	55.0	63.5	35.4	31.5
Disproportion ownership (%)	64.1	100.0	83.3	100.0	28.8	0.00
Wedge (if dp=1)	1.83	1.81	2.16	2.13	1.69	1.45
Issue size						
BR\$	885.4	484.4	163.8	174.0	786.0	614.5
Share of firm	21.4	19.0	14.67	11.5	39.0	37.0
Issue type						
Primary (%)	43.6	0.00	50.0	50.0	77.8	1.00
Secondary (%)	71.8	1.00	83.3	1.00	75.9	1.00
Primary share (%)	34.2	0.0	25.0	9.0	51.1	48.0
IPO (%)						

Table 3, Correlation matrix

	Beta	Wedge	Alpha	Primary share (%)
Minority stake (α_o)	1.000			
Disproportional ownership (wedge)	-0.336	1.000		
Offering size (α_n)	0.427	-0.188	1.000	
Primary share (%)	0.220	0.128	0.256	1.000

Table 4, Determinants of Tag-Along Rights

This table shows the determinants of tag-along rights in a logit model. The dependent variable, *full tag-along rights*, is an indicator variable taking the value 1 if the firm extends full tag-along rights to the shareholders and 0 otherwise. *Minority stake* is the share of votes held by minority investors, where the largest owner is assumed to be controlling. *Wedge* is the largest owners share of votes over share of cash flow. *Offering size* is the relative size of the offering measured as a percentage of the firm, whereas *primary share* is the share of the offering that is sold in the primary market.

	(I)	(II)	(III)	(IV)	(V)
Minority stake (α_o)	-3.452*** (-3.57)				-5.657*** (-3.06)
Offering size (α_n)		1.238*** (3.57)			4.225*** (2.22)
Disproportional ownership (wedge)			-0.510** (-2.21)		0.466 (0.41)
Primary share				0.274** (2.06)	0.151 (0.13)
N	99	99	99	99	99
Pseudo-R ²	0.088	0.115	0.149	0.036	0.285

Table 5, Robustness of Determinants of Tag-Along Rights

This table shows the determinants of tag-along rights in a logit model. The dependent variable, *full tag-along rights*, is an indicator variable taking the value 1 if the firm extends full tag-along rights to the shareholders and 0 otherwise. *Minority stake* is the share of votes held by minority investors, where the largest owner is assumed to be controlling. *Wedge* is the largest owners share of votes over share of cash flow. *Offering size* is the relative size of the offering measured as a percentage of the firm, whereas *primary share* is the share of the offering that is sold in the primary market.

Def. of majority owner	3 largest owners			Controlling coalition		
	(I)	(II)	(III)	(IV)	(V)	(VI)
Minority stake (α_o)	-5.220*** (-4.05)		-0.930*** (-2.76)	-5.079*** (-2.85)		-1.228*** (-2.96)
Offering size (α_n)			0.984*** (2.63)	1.238*** (3.57)		1.073*** (2.79)
Disproportional ownership (wedge)		-0.322** (-2.52)	-0.084 (-0.59)		-0.311** (-2.33)	0.058 (0.34)
Primary share			0.275* (1.64)		0.274** (2.06)	0.208 (1.37)
N	99	99	99	99	99	99
Pseudo-R ²	0.175	0.084	0.247	0.137	0.078	0.270