Corporate law vs. company charter: shareholder protection and corporate governance in late 19th century Portugal

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Abstract

In the last decade and a half, institutional economists have claimed that the development of equity markets is strongly conditioned by the protection that investors receive from the law and legal institutions. This is because investors face uncertainty owing to the "agency problems" they encounter in their relations with the corporations to which they subscribe. As a result "countries with poor investor protections have significantly smaller debt and equity markets" and they perform less well macro-economically (La Porta et al., 1998).

The question this raises is what happens when there is a laissez *faire regime* in which the state stands back from regulating these relationships. In this paper, we analyse the Portuguese corporate sector between 1867 and 1914, a time when legal safeguards were

quite limited and shareholder protection was largely left to the stipulations of company charters.

Owing to its centrality in the corporate decision making process, we focus on the distribution of voting power within companies as determined by their charters and ownership patterns. We find that although share distribution in Portuguese corporations was very unequal, the majority of charters was designed to protect non-dominant interests. This was done by redistributing voting power from larger owners to lesser ones, a policy which was met by a favourable response from small and medium holders, who showed a preference for more “democratic” corporations. Our main conclusion is that weak regulation by the state did not mean weak protection for investors because companies were able instead to contractualize this with their shareholders. Effective investor protection in Portugal was not sufficient, however, to promote a strong growth of either the capital market or the economy. “Country characteristics” (Doidge et al, 2007) seem to have proved a stronger counter-influence.

1. Introduction[1]

In the last decade or so, a claim has been made to the effect that the development of equity markets is conditioned by the protection that investors receive from the law and legal institutions. A series of papers by La Porta et al (1997, 1998, 1999, 2008) (commonly referred to as LLSV) has argued that a major impediment to the purchase of securities by investors is the uncertainty regarding the agency problems they encounter in their relations with the corporations of which they wish to become part-owners. Unless an effective set of rules prevents this from happening, small shareholders in particular face the possibility of opportunistic behaviour by directors or large shareholders. The relevant regulatory arrangements have to do with how companies are run – by whom, with what degree of transparency, under what principles of accountability – and ultimately with how successful shareholders are in appropriating the profits for themselves.

The legal rules which frame the relationship between the corporation and its owners and determine who, within the company, controls it have thus become a major object of research.[2] In this context, particular emphasis is placed on those which concern the system of voting rights in the corporate organs of governance representing the will of the shareholders. To these are added a number of safeguards which can be especially set up to preserve minority interests from oppression by insiders and are called "anti-director rights" (LLSV, 1997), or which establish mandatory dividends.[3] The conclusion

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[1] The importance of the corporate form of business organization in the economic development of the West has been widely stressed. At times, this has reached the heights of hyperbole, as in the Economist ….. A recent counter-current to this view has tempered this argument, claiming that other possibilities existed which might have been better in the 19th century, particularly for medieum and small firms. See Guinnane et al (2007).

[2] We leave to the side here the related literature which deals with the relationship between country-specific rules and the "legal family" to which they belong.

[3] In the present paper, "insider" is used in the sense of large and powerful interests within the firm. These may be directors with their own power as conferred by shares owned; or directors who represent large

reached by the exponents of this approach is that "countries with poor investor protections indeed have significantly smaller debt and equity markets" and consequently perform less well in macro-economically (LLSV, 1998: 1152).

The context in which this discussion has taken place – the end of the 20th century and the beginning of the 21st – does not necessarily allow reliable backward extrapolations over a long arc of time. Ours is a very different period in which the legal regulation of all economic activity has become pervasive and corporations have disseminated widely throughout the economy, representing a large proportion of total assets. Moreover, their shares are held by a vast segment of the public. If we go back a hundred years or more, when such companies were coming of age, the picture in some respects is not so very different. The corporate sector of the then developed world was also growing fast (admittedly from a lower base) and was attracting millions of new investors, some large and a great deal more small. As now, it was also contributing significantly to the rapid economic expansion of these countries.[4]

There is, however, a stark contrast between the two epochs, which lies crucially in their respective regulatory environments. From the middle of the nineteenth century, a wave of new legislation concerning corporations was established across Europe, the US and Latin America to replace the old, highly restrictive systems in place from earlier centuries. The latter were based on incorporation exclusively by *ad hoc* decisions of ministers, councils of state or legislatures. Considerable barriers to entry were thus raised, which encouraged inefficient decisions and facilitated unwarranted intervention

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shareholders; or large shareholders themselves. In the case studied here, directors of Portuguese corporations rarely had significant own shareholdings and appear to have been elected by dominant interests.

[4] Data for the early 20th century are harder to get than for the 1990s but see Rajan and Zingales (2003) and Michie (2006).

by political authorities.[5] By contrast, the new "*laissez-faire* regimes" were designed to streamline regulation, sometimes to an extreme, reduce the cost of company start-up and allow market forces to play a much fuller role in all related processes. In this new climate, the approach to the rules of corporate governance was to keep them as informal as possible and to a bare minimum, namely with respect to investor protection. Characteristically, such protection was left largely to the choice of the corporations themselves when they came either to set up or to modify their charters. It thus became very much a matter for a contract between the participants in the corporation and the corporation itself, rather than for the law. This was the time of the greatest regulatory freedom that the corporate world has known and was relatively short. It began to be dismantled during the crisis years of the First World War and its aftermath but in some places was being eroded already by the 1880s and 1890s (Dunlavy, 2004).

In the light of the LLSV claims, this historical situation poses an interesting puzzle. How were the legions of new and often ill informed investors of that age attracted to the swelling corporate development which then occurred? How were the problems of agency and information asymmetry solved in the absence of stronger and more comprehensive regulation such as the capitalist world has come to enjoy in current times? Was the market able to supply efficient alternatives to legal rules and institutions that enabled corporations to function well and also grow by attracting increasing numbers of shareholders?

Recent research in Business and Economic History has probed these issues in various national contexts. It has established that this period of less regulated corporate history was fertile in devising private arrangements to satisfy the need for effective rules of governance. With the freedom that *laissez-faire* legal regimes afforded them and with

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[5] For Britain, see Campbell and Turner (??); for France, (Freedeman, 1993); for Spain, ….; for Germany, …; for Greece, …; for the USA, …. In Latin America, two well studied cases are Brazil and Chile by ….

little interference from the legislative power, corporations conceived their own internal codes and adapted them successively in accordance with their own needs. By dint of being enshrined in corporate charters rather than in the law, rules of governance could be varied easily, without awaiting legislative reform. As these studies have shown, these were endogenous responses, which enabled corporations to nurse their relations with their shareholders and, in particular, to use varying degrees of attraction according to their need for additional finance (Islas-Rojas, 2007; Hilt, 2008). The two main points of this revisionist literature are 1) that "in the absence of investor protection provided by law, contractual protection [could] function as a substitute" (Islas-Rojas, 2007: xvii); and 2) that "companies and their founders [had to be] willing to offer protections to outside shareholders, especially small investors, in order to encourage them to buy equity" (Musachio, 2008a: 446).

This paper is inspired by these two approaches, which it applies to Portugal's experience with corporate development during the period 1850-1914. It has three aims. The first is to present a new case study of how companies reacted to the relative vacuum created by a *laissez-faire* regulatory environment and provided contract-based rules of governance to define their relations with their shareholders. The second is to test the hypothesis that such contracts were devised by firms as incentives to attract investors. It therefore analyses how voting rules affected the concentration of ownership within the corporation. The third is to take the discussion further than the literature has done so far and consider whether minority shareholders' greatest concern was indeed "oppression" by insiders or directors; or whether it was motivated also or instead by other concerns, that were more market oriented.

The paper is structured as follows. Following this introduction, the next section presents an outline of both the Portuguese economy and its corporate sector during the 1833-

1914 period. It also summarizes the three legal milestones which shaped the performance of Portuguese joint stock limited liability companies during these years. The third part evaluates the investor protection afforded directly by these laws, as well as the shareholder protection provided in addition by company bylaws. The fourth part tests the hypothesis that voting mechanisms for shareholders' meetings were set up to limit the "oppression" of small holders by dominant interests, and thereby, ultimately, to mobilize capital for corporations. This is done by asking whether more "democratic" arrangements were better at attracting small investors than less "democratic" ones, an essential claim of the revisionist school. The fifth section looks at other goals which small shareholders might also have had (Lamoreux and Rosenthal, 2004). It questions whether minority shareholders were more concerned to own shares in companies that paid better dividends than having them in a "democratic" ones. The final section concludes.

2. Context and data set

Portugal is an interesting option for the present exercise for two reasons. One is that much of the focus in the literature has been on developed western economies during the second half of the nineteenth century – the UK, Germany, France and the US (Guinnane et al., 2007; Herrigel, 2008). This case study affords us the perspective of a less developed country of the European periphery. The second is that it may be usefully compared with two well-studied Latin American countries – Brazil and Chile[6] – which were also underdeveloped, belonged to the periphery and to the French "legal" family.

During the period considered, Portugal's economy was one of the poorest and least dynamic of Europe. In 1913, it ranked seventeenth in terms of GDP per capita, ahead

[6] Musachio (2008b); Islas-Rojas (2007).

only of Greece and Bulgaria. Despite a low starting point, it showed little sign of long term convergence, owing to a laggard performance summed up by a long term yearly rate of growth of the order 0.3 % in GDP per capita (Prados de la Escosura, 2000; Lains, (2003). Other indicators of development were similarly disappointing. Railway coverage by 1900 was one third of the European average, the consumption of iron and coal per capita was one eighth, and the rate of urbanization was a half. The illiteracy rate of the adult population was 75 %. Structural change was modest, with a labour force which was heavily concentrated in agriculture and fishing. In 1910, this accounted for just under two thirds of GDP, while industry represented 18 % and the services 19 % of this magnitude (Reis, 1993 and 2005b).

In the present state of research, it is hard to evaluate precisely the importance of the Portuguese corporate sector during this period. From the enactment of the first Commercial Code (1833) to the early twentieth century, some eight hundred enterprises of this kind were set up. Meanwhile, many disappeared as well, leaving a total of seventy on the official stock exchange listing of 1910, i.e. 11.7 companies per million of population. Compared to the more developed European countries, which ranged from counts of 20 (Sweden) to 109 (Belgium), this may seem a poor showing. It was close, however, to Italy (6.3), higher than Russia (2.0) and not so far from France (13.3), Brazil (12.4) or Spain (11.2).[7] Reliable information on the aggregate capitalization of these firms is harder to come by but has been estimated for Portugal tentatively at £7.0 sterling per inhabitant in 1910 (Reis, 2005a), a figure again close to Spain and Italy and about a third of that for the Scandinavian countries. A back-of-the-envelope extrapolation allows us to estimate a Portuguese stock market capitalization-to-GDP

[7] International stock exchange data are from Rajan and Zingales (2003), except for Brazil which is from Musachio (2008), and Spain, from Carreras and Tafunell, 2005). These counts are for "all companies listed" and not just for those traded. Germany had 8.6 corporations per million inhabitants at a much earlier date – 1880 (Burhop, 2009).

ratio of around 0.21 for the same date.[8] This is close to Brazil and Chile, higher than Norway and Italy but far, of course, from Belgium, France, Germany, the UK and the US.

Fig 1: Number of annual corporate set-ups, 1833-1913

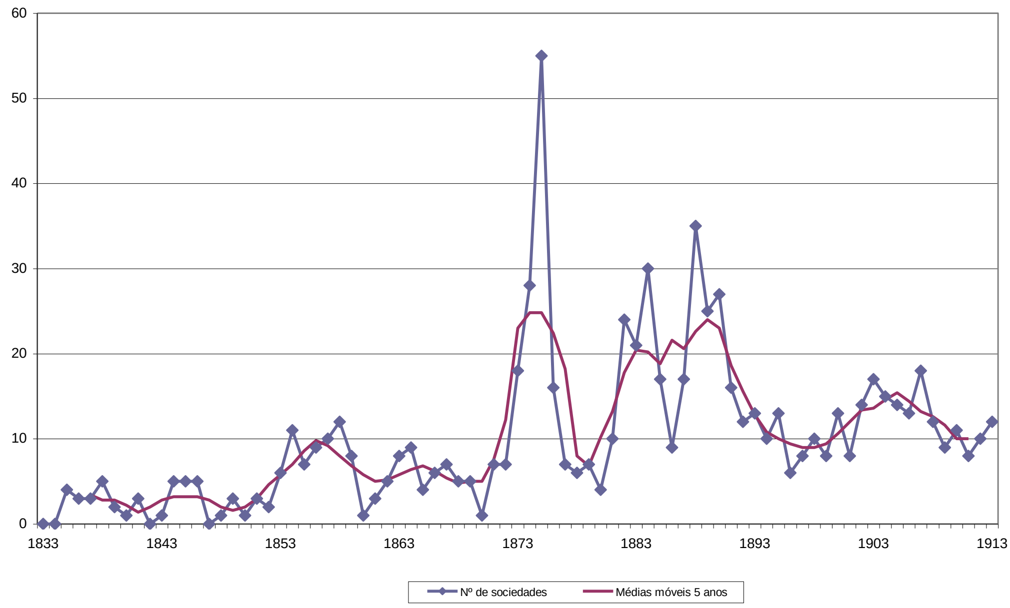


Figure 1 displays the three stages in the development of the Portuguese corporate sector as measured by the yearly figure for start-ups. The first sub-period lasted roughly until the late 1860s. It includes several years without any new companies and rarely any with more than ten, the annual average being 4.4. Company creation occurred within the restrictive set of rules of the 1833 Commercial Code (Borges, 1834), which imposed strict case-by-case government licensing and its approval of the corporation's rules of governance. Although little researched, it had probably higher costs of entry than would have occurred in a more open system.

The second stage runs from the late 1860s to the end of the 1880s. Start-ups rose impressively, to an annual average of 16.8 companies. Improved business opportunities seem to have played an important part in this upsurge (end of Paraguayan war and

[8] This calculation is based on data from Prados de la Escosura (2000) and Reis (2005a).

increased Brazilian remittances; industrial expansion) but a new legal regime clearly made a difference too. The law of joint stock limited liability companies of 1867 was one of many which blossomed throughout Europe in these years, probably as a result of a spirit of legislative emulation, inter-country institutional economic competition and a growing belief in the virtues of corporate forms of business organization.[9] It included several points which broke completely with the earlier system.

The main feature now was the freedom given to any group of at least ten persons to constitute a corporation in any economic sector, including banks, the only procedural obligations being of a fairly simple burocratic nature (art 1). Governments would have no right to interfere in the life of companies, including imposing their dissolution or preventing their creation, unless this were done through the courts of law (art 58). Corporate charters, which prescribed the rules of governance, were to be freely defined by the shareholders (art 3), and subject to only a few legal restrictions. They should provide for a supervisory council elected by the shareholders to watch over the acts of management (arts 21-6); and there should be a regular annual publication on the company's activities, as well as of the list of its shareholders (arts 30-4). Finally, shareholders, either individually or collectively, were endowed with the capacity to initiate judicial proceedings against the managers for any violation of their mandate, the company charter or the law (arts 18 and 47).

The third sub-period we consider runs from 1891, the date of a major financial and monetary crisis, to the First World War. Economic stagnation ensued during the 1890s and was followed by another decade of slow growth. Company start-ups declined markedly, to an annual average of 11.8. While new banks almost disappeared from the scene, industrials continued to predominate and colonials, which had been virtually

[9] The *Lei das Sociedade Anónimas* was approved on 22nd July 1867. It has been little studied by Portuguese economic historians. For a rare exception, see Mata (1998). For its text, as well as that of the 1888 commercial code, see *Código Comercial* (1884??.

absent earlier, now rose to second place in response to new opportunities perceived in Africa. Not surprisingly, more than two thirds of them were located in Portugal's two major cities – Lisbon and Oporto.

In 1888, a new commercial code was approved, providing a different legal template for the corporate development of the next twenty five years (*Código Comercial*, 1888). Although it modified some of the more "liberal" provisions of the 1867 law, the new code was essentially its continuation, with only minor improvements of the regulation of joint stock companies. The minister responsible for proposing it declared at the time that to reprove the principles of the 1867 law would have been like prohibiting steam power or electricity, such were the benefits to civilization of the freedom of incorporation which it had instituted. The main changes were a rise from five to ten percent in the amount shareholders must pay in for their shares before the firm could start to operate; an increase in this amount from ten to fifty percent before these shares could become negotiable; and an augmentation, from ten to twenty five percent of subscribed capital, of the upper limit for the firm's reserve fund.

The data used in this study consist of observations of a number of companies at different points in time during the period, which represent a variety of sectors and a wide range of sizes. At present, the sample includes 49 complete cases and a further 27 with only partial information.[10] Each one refers to a particular corporation in a given year for which we have been able to locate a list of its shareholders. This enables us to identify a corporate shareholding structure at that moment, as well as the distribution of its corresponding voting rights. In every instance, we have also at our disposal the corporate charter then in force and consequently drawn up some years earlier. This contains relevant information on various items such as the internal voting system, the

[10] The sources on these companies used here are lists of shareholders and their respective votes; company statutes; and annual reports and accounts. They are listed in the appendix.

capitalization of the firm, the facial value of each share and the sizes of the board and of the supervisory council. In addition we obtain information on net profits and distributed dividends, for a run of the four years preceding the one in question, from company reports and accounts. Finally, we have gathered from the contemporary financial press the current market value of shares and, as an indicator of liquidity, the frequency of stock exchange transactions over the last twelve months.

Table 1 Summary statistics for corporations in the sample

Sector	Nº companies	Mean capital (contos)	Mean nº share-holders	Mean age of company (years)	% shares held by			Gini index of shares
					C10	Deciles 1-2	Deciles 6-10	
Agriculture and mining	2	1,370	342	44	29.8	69.4	9.7	0.65
Banks and insurance	9	2,030	897	18	24.4	64.8	13.2	0.60
Textiles	23	240	153	16	42.4	63.5	12.7	0.58
Other manufacturing	8	200	113	15	46.0	64.0	12.0	0.59
Utilities	7	2,630	606	21	31.3	65.5	10.6	0.62
All companies	49	949	355	18	37.6	64.3	12.2	0.60

3. Protection of minority shareholders: the state vs. the corporation

During this period, the state sought to provide a certain measure of protection for investors who placed their funds in the hands of joint stock companies (Mata, 1998), but the corporations were equally engaged in this. In this section, we analyse the means used to this end by both instances for preventing the “oppression” or “expropriation” of minority interests by dominant ones.

The first thing is to note that these firms generally displayed a strongly skewed distribution of ownership in favour of large stock holders (see table 1). The average Gini coefficient for all corporations was 0.600 which is high, with minimum and maximum values respectively 0.675 and 0.439. Across the sample, the average holding of the ten largest shareholders was 38% of all the shares in the firm, with the top decile controlling 44.5 per cent and the top two deciles, two thirds of them.[11] In contrast, the proprietors in the lowest five deciles held no more than 12 per cent of the stock. The individual mean holding for this group was 6.5 shares, a mere sixteenth of the mean stake of those in the top decile. The picture that emerges is thus one of companies which were typically dominated by a handful of very large proprietors, had an ample base of very small ones at the other end of the spectrum, and a significant stratum of medium sized holders in between.

A coincidence of large shareholding with directorships was hardly the norm. Comparing the shares held by company boards with those held by the largest owners – the top 3 or the top 10 of the distribution – we find that ….

Unquestionably, there was ample scope within these firms for powerful interests to take advantage of this asymmetry in ownership, to the disadvantage of the less endowed. Consequently also, opportunity existed for intervention in order to prevent this from happening, in the interests of the economy, the society or even of the companies themselves. There were main ways of handling these problems: by imposing transparency rules for accounts and reporting; through the provision of "anti-directors rights"; and by adopting mechanisms for reallocating votes among shareholders in order to favour smaller and medium ones. In what follows, we look successively at the contribution made by the state and by the joint stock companies to each one of them.

As regards the first, both the 1867 corporate law and the 1888 Commercial Code seem to have provided quite adequate investor protection and company bylaws did not go

[11] Unless otherwise mentioned, we assume all references to "shares" to mean shares whose owner can be identified in the published lists of shareholders. A few companies had significant amounts of bearer shares – in the range of 20 per cent of the total – but these represented only 5 per cent of the aggregate issue of all companies.

beyond their stipulations (??). All corporations were obliged to produce annual reports of activity, balance sheets and profit and loss accounts, had to be ready at least one month ahead of the annual general meeting. They had to be sent to every shareholder two weeks before it took place, along with the statutory report by the supervisory board. After the approval of these documents by the shareholders' meeting, they had to be published and inserted in the official register. Prior to this meeting, all company ledgers, along with a full list of the company's shareholders, had to be made available for a fortnight for inspection by any shareholder.

Secondly, concerning "anti-directors' rights", we follow the well-known LLSV (1998) methodology for assessing the impact of regulation on the quality of protection accorded to corporate investors. We consider first the contribution made by the three benchmarks of 19th century Portuguese commercial law. Table 2 lists the six classic "anti-directors rights" present in the law, which together yield an index of the protection that shareholders can get from the state against managers/directors or dominant shareholders. The 1833 commercial code paid scant attention to the problems of incorporated firms and, not surprisingly, was silent on these issues. In table 1, it gets zero points on the anti-directors rights scale. The liberal legislation of 1867 and 1888 went somewhat further, its framers being clearly worried about the need to limit some of the likely excesses against minority interests. As befitted the spirit of *laissez-faire*, however, in this specific case they preferred to leave the task to the initiative of the corporations themselves. Consequently, throughout the period they cover, the legal index reached only two points. Although better than before, one must conclude that during this period state regulation continued to offer weak safeguards for corporate shareholders.[12]

[12] The mean for the 49 countries studied by LLSV in 1998 was 3.0. The lowest - the countries of French legal origin - achieved a mean of 2.33 points. The highest, with 5.0 points, were the UK , the USA,

Table 1: Anti-director rights index in Portuguese Law

	1867	1888
Proxy voting	1	0
Shares not blocked before meeting	0	1
Cumulative voting	0	0
Oppressed minority	1	1
Pre-emptive right to new issues	0	0
% of share capital to call an ESM	0	0
Anti- director index	2	2

The picture changes when we add the protection afforded by corporations on the basis of the essentially private contractual arrangements represented by their charters. Table 3 shows the position in the fifty companies of the sample, when we consider both the legal and the extra-legal sources of this protection. For the pre-liberal period, the aggregate LLSV index rises from zero to 2.3 points. It passes the three point mark between 1867 and 1913, with only a slight difference between the pre- and post-1888 sub-periods. In this light, this form of protection of minority investors emerges as surprisingly strong when all sources are considered. Out of a possible maximum of 6.0 points, roughly half the cases in the sample achieved the 4.0 level, which is the mean in the 1990s of the exemplary common law countries category, where the highest legal protection to investors was available. In almost 90 % of our companies, the figure was 3.0 or more, which is more than the mean value in 1998 for all the non-common law countries considered by LLSV. Altogether, the state and the company charters were able, jointly, to raise the protection of small shareholders to a very satisfactory level, even though singly neither of them had great impact on the problem. Any shortcoming

Canada, Hongkong, India, Pakistan, South Africa and Chile. We are aware of only two historical case studies in the period we are considering. One is Brazil where the shareholder rights index reached only 2.0 in 1882-1891 (Musacchio, 2008a). The other is Chile, where the mean index was 3.3 and companies with a count of 4.0 and over represented 44 % of the sample (Islas-Rojas, 2007).

in this respect which might have been posed by a non-interventionist state was thus overcome.

Table 3:Anti-directors rights índex in law and charters

		Anti-director index		
Period	Nº firms	Commercial law	charters	total
Before 1867	2	0	1	1
	6	0	2	2
	1	0	3	3
Between 1867 and 1888	6	2	0	2
	11	2	1	3
	14	2	2	4
After 1888	3	2	0	2
	12	2	1	3
	6	2	2	4

A similar division of labour existed with regard to voting arrangements at shareholders' meetings, probably the most important way at the time of protecting minority interests (Hilt, 2008). These meetings were the locus for the most important decisions in corporate life. How they were set up, therefore, was critical to how power was distributed within the firm. In keeping with the non-interventionist philosophy of the regulatory regime, the state's role was even weaker in this respect than in the preceding case of anti-director rights. The 1833 and 1867 acts were altogether silent on the issue. The 1888 commercial code simply stipulated that no shareholder should be allowed either more than one tenth of the totality of votes, or one fifth of the votes present at the shareholders' meeting. In the event, this turned out to be a very mild restriction since most companies implemented a much stronger limitation of their own accord.[13] Joint

[13] Even so, during the parliamentary debate on the code, there was strong criticism of this intention of the government to have "large shareholders overwhelmed by small ones". See speech by Julio de Vilhena, Apêndice (188?: 504).

stock companies were left therefore with considerable latitude over how a given number of shares was to be translated into votes by means of their specific rules of governance. In this way they controlled the extent to which the unequal distribution of the former could be mitigated, if desired, to arrive at a more balanced distribution for the latter. In other words, they determined without outside interference how much "voice" should be given to the minority interests in their midst.[14]

The set of 77 charters we have gathered especially for this analysis is extremely diverse in terms of the degree of redistribution from share to vote proportions which they stipulated. At one end of the spectrum were firms which followed the one share-one vote principle. The justification for such a choice was that it mirrored another fundamental norm of corporate life, namely the allocation of company proceeds in proportion to the number of shares held. It also represented the extreme instance of potential oppression of the majority of mostly small stake holders by the few very large ones who were typical in Portuguese corporations. These firms, interestingly, were in a clear minority - they represented only 10 % of the total considered - which shows that most of them did not see much usefulness in the most inequitable forms of organization. The firms in between had rules which incorporated one or more of the following three restrictions of the one share-one vote model. Eighty percent of them (62) imposed a ceiling on the votes attributed to any shareholder independently of how many shares he owned. This varied between one and forty votes, with a distribution which was skewed towards the lower figure. It was nearly always lower than the legally prescribed cap.[15] The effect was obviously to reduce the relative voting power of the largest shareholders and augment that of the remainder. The second voting arrangement allocated votes to

[14] The same happened in early US corporate history, where "many firms configured their voting rights in a way that curtailed the power of large investors" (Hilt, 2008: 645).

[15] Three of the cases with an upper limit of one vote constituted the most "democratic" solution possible, namely that of the rule of one shareholder-one vote. Two others gave one vote to every shareholder but only if they had more than five shares.

shareholders according to a scale which might be fixed or variable and was used with a similar intent. In the Companhia Previdente, for example, it was variable. Those with one to five shares got one vote; from six to ten, two votes; from eleven to twenty, three votes; and with more than twenty shares, four votes. On the other hand, in the Companhia de Lanifícios em Arroios, the scale was fixed: 1 vote for every 15 shares. In total, 73 % of the enterprises considered adopted "graduated voting mechanisms". The third rule required a minimum of shares in order to be entitled to attend and vote at the shareholders' meeting. This figure varied between two and 100 shares, the modal value being five. In this way, most shareholders in any of these corporations would be enfranchised to take part in company business, even if without much voice, though the very small ones who were often significant were kept at bay. Almost three quarters of firms embraced this procedure and thus ensured that the influence of large and medium shareholders was ensured, to the detriment of minority interests.

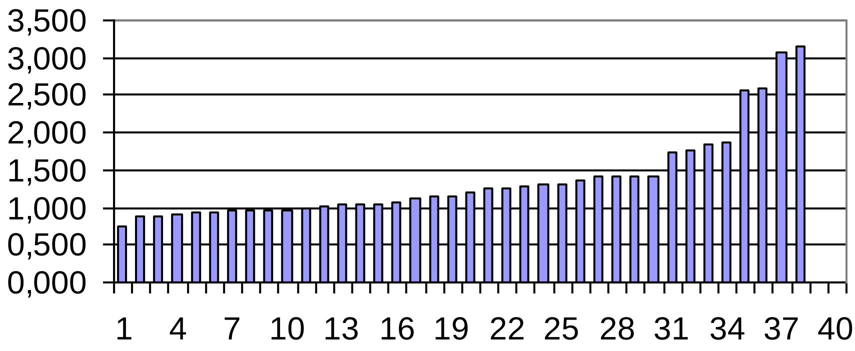
The different combinations of chartered rules of governance for tinkering with corporate share allocation, either to promote or to hinder the empowerment of certain shareholder groups, was thus widespread in Portugal between 1867 and 1913.[16] What was the net effect on the distribution of power within these corporations? Did it attenuate or did it exacerbate the influence of majority interests? To assess this impact we apply two yardsticks to a smaller sample of 49 corporations for which the requisite complete data are available.[17] One employs the Gini indices of inequality of distribution respectively for shares and votes, and calculates the ratio between them. In a joint stock enterprise where this indicator was greater than one, power would be more equally distributed than

[16] It appears to have been much more widespread than in Brazil, where less than 30 % of the companies studied by Musacchio (2008) used either graduated voting rights or voting caps.

[17] Hilt (2008) has proposed a third, a voting rights index which "measures the average number of votes per share to which an investor is entitled across all levels of shareholding" (p.656). Unfortunately, it is a "potential" measure, which assumes that in practice all levels of shareholding existed. This is generally not the case. This metric is therefore liable to give a distorted picture of the voting power of large shareholders.

ownership, and conversely. Figure 2 reveals that the former was the case in the vast majority –about 70 % of firms in our sample - and that in some it was particularly so. On the contrary, those whose rules made the inequality of vote distribution greater than that of shareholding were scarce. Globally, in this part of the corporate world voting systems tended to foster increased "democratization" and a louder "voice" for small owners.[18]

Fig 2 Gini shares: Gini votes



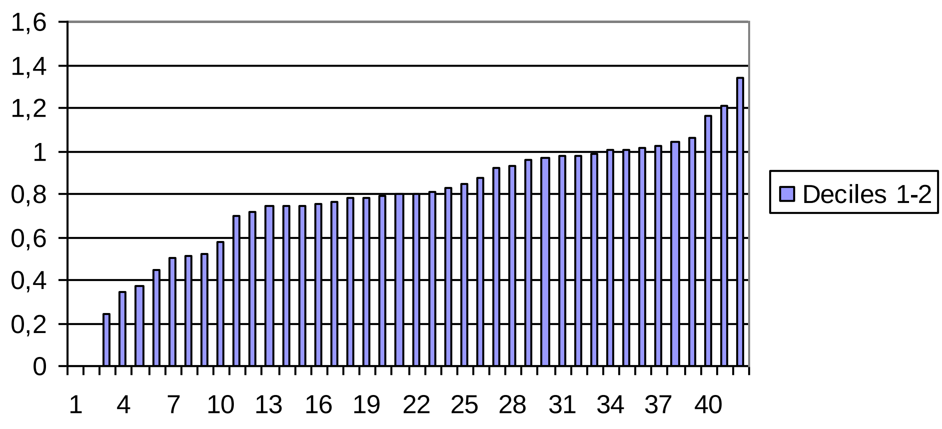
Interesting though it is, this finding does not allow us to grasp fully the effect these voting arrangements had on the internal distribution of power within these companies. The reason is that it fails to show how much voting power was lost by large shareholders in this redistribution and to which other groups it was allocated. To circumvent this inadequacy, we consider two further aspects. One is to what extent, if at all, investors in the top two deciles of shareholders in a company gave up voting rights under charter rules. This is measured by the ratio of total votes at the disposal of the members of this group to the amount of shares they owned. It is displayed in figure 3a, which shows that the practice by large shareholders of relinquishing some of the power

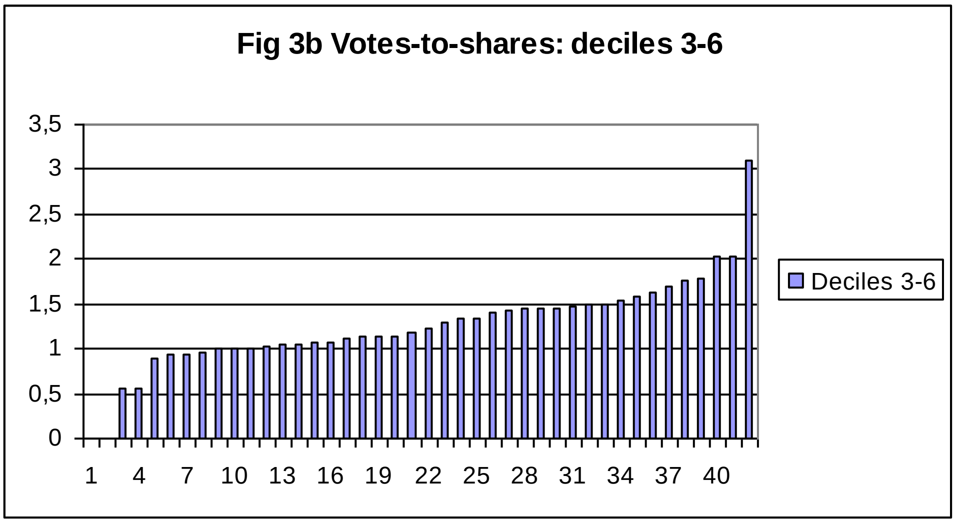
[18] A very similar conclusion is reached for New York corporations in 1825-6 by Hilt (2008).

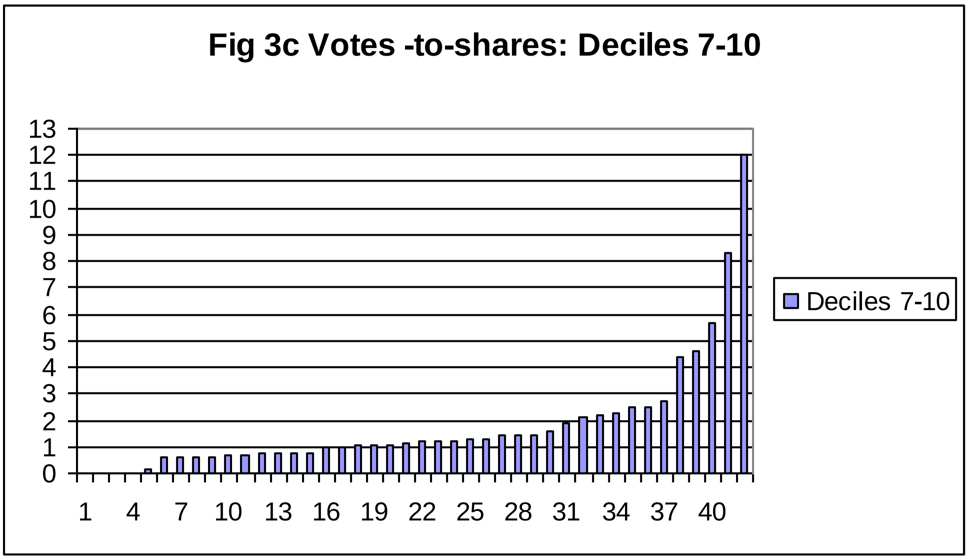
that would have been conferred by a rule of proportionality (one share, one vote) was very widespread. In about three quarters of our companies, the ratio was less than one. Moreover, in half of the firms this transfer was substantial, i.e. the ratio was less than 0.8, which is equivalent to "giving up" 20 % of possible votes or more.

The second issue is how were these "forsaken" votes then distributed among the remaining deciles? For practical reasons we organize the latter into two equal groups with a certain presumed homogeneity of interests and purpose: the "smallholders", corresponding to the four lowest deciles of shareholders (D7-10); and the "medium holders" (D3-6), who made up the middle ground from the third to the sixth deciles. We estimate the same ratios again, of aggregate voting power and shareholding, in order to see who "gained" elective influence inside each corporation, when restrictive rules of governance were imposed on the voting system. Tables 3b and 3c bring these results together and allow two conclusions to be drawn. One is that both "medium" (85%) and "small" (66%) shareholders benefitted from this redistribution in a majority of corporations, though the "medium" class gained in far more cases.

Fig 3a Votes-to-shares: deciles 1-2

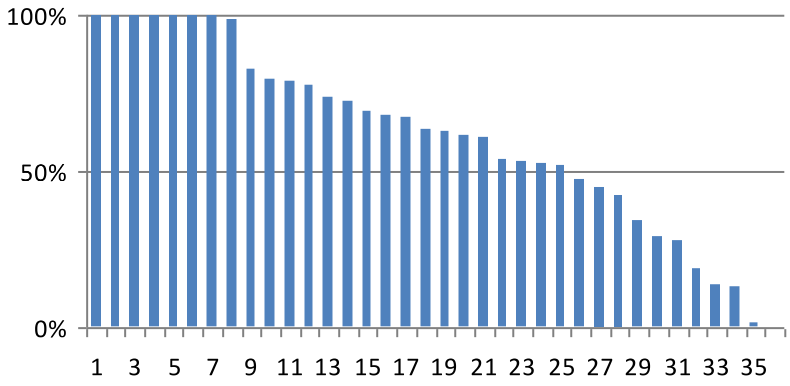






An even more revealing view of the redistributive process is afforded if we consider how the shares "forsaken" by the top two deciles were shared out between the two lower classes of proprietors. This entails estimating the total number of such shares and then the respective proportions allocated to "middle" and "small" holders respectively. Figure 4 displays the result of such calculations and allows us to conclude that the bulk of these gains went to the intermediate strata of shareholders, who in this way acquired a good deal more "voice" than the less represented ones at the bottom of the pile. Out of the thirty six companies in which top decile proprietors (1 and 2) consented to a reallocation to lower strata of owners, twenty five of them (70 %) favoured more the latter group. Even so, it must be noted that almost a third of all these companies made a greater shift to the contingent of the small holders, which suggests that this was hardly perceived as an extravagant management solution.

Fig 4 Share of reallocated votes to middle shareholders



4. Modelling the behaviour of shareholders

The great variety in the design of corporate rules of governance described above, particularly as regards shareholder-to-corporation relations, was not peculiar to Portugal. In other 19th century countries this was just as much a reality and has led to scholarly efforts to model this diversity of choices by both individual and collective economic agents. To this we now add a Portuguese contribution.

The crux of the matter is to determine how shareholders, particularly small ones, conciliated the advantage of owning an asset – shares, which yielded a steady income – with the risk of being expropriated to a greater or lesser extent by opportunistic dominant shareholders or managers. Rules of governance were devised to overcome this double bind of information asymmetry and of principal-agent problems. In the main, they provided a forum – the shareholders' meeting – where managers were elected and could be de-selected, and their actions were periodically examined and voted upon. Eventually, these rules could also be changed by the votes of shareholders, through special meetings of shareholders. All of this was reinforced by a supervisory board chosen by and answerable to the shareholders' meeting.[19]

The model devised for explaining this by the still incipient literature on the subject has assumed two types of actor in this setting. One consisted of minority shareholders, who were in need of protection, and who could be attracted to the ownership of more shares if companies would allow them, by means of statute rules, greater influence over the governance of the firm. An increase in the proportion of votes relative to shares at this level of ownership should thus lead to a lower concentration of ownership in the firm thanks to an enlargement of holdings towards the bottom of the distribution. Underlying this analysis is the notion that with relatively more votes at their disposal, minority actors considered they could exert a greater and also to them more beneficial influence over corporate leadership. They could even go as far as to cause it to shun low-performing projects and reduce undue managerial consumption within the firm at shareholders' expense.[20]

The role of the second type of actor - who held a large stake in the firm and/or enjoyed managerial power - was to draw up and subsequently to either maintain or alter the rules of governance. At some time before we observe these corporations, "insiders" would have established, among other provisions, a system of voting rights which determined the correspondence between shares and votes. If these rules were generous to minorities,

[19] This is a stylized description of the Portuguese corporate system. In Germany, the law was much less restrictive and allowed for example corporations, if they wished not to publish accounts or not to have the supervisory board elected directly by shareholders. See Burhop (2009) who has identified, during the 1870s, 24 potential rules of governance for minority protection!

[20] Besides preventing the "expropriation" of minority elements, this scenario could lead to an improvement in corporate performance and therefore be of interest to insiders for this reason too (Burhop, 2009).

the latter would have got more votes and would have been inclined to acquire more shares. If they were not, the contrary should have occurred. The presumption is that this second type of actor was able to “plan” the extent of concentration of ownership in the firm in accordance with corporate objectives regarding how much finance to obtain through the stock market, or how to regulate demand for the existing stock and thereby drive its market valuation.

This simple model constitutes the framework of the relationships which we shall test here by estimating several OLS multiple regressions. The aim, in the first place, is to determine 1) whether minority owners, in their decisions to acquire or sell shares, perceived and were influenced by such rules and 2) if taken as a whole the corporate rules of governance were indeed designed by those who framed company statutes in order to protect and thus attract minority holders through the capital market. The second goal is to try and understand the considerable diversity of choices made by corporations with respect to voting rights systems, an exercise in which they enjoyed so much contractual freedom.

The body of explanatory data we use in both exercises is described summarily in section 2. above. It includes a number of control variables. Some of these are fixed effects, which arise due to the likelihood of important dissimilarities between firms in different branches of the economy (finance, manufacturing and “other”) or at different points in time. Industry dummies deal with the former problem. For the latter, we have taken the number of company creations in a given year as an index of activity and therefore of the attractiveness of the corporate sector to investors in general at the time of each observation. Other variables are firm specific. While the scale of the corporation is measured by its paid-in capital, its complexity is represented by the size of its board. The face value of shares is adopted in recognition of the universal fact that firms which at this time sought a wide (narrow) diffusion of their stock normally opted for smaller (larger) share denominations (Cottrell, 1980). The number of years since foundation gauges maturity and demonstrated capacity to survive. Divergence in the performance of firms is difficult to capture – profits and dividends are hard to come by - and we have resorted instead to a proxy which reflects how well monitored they were. It is measured by the ratio of the total shares of the largest three (ten) stakeholders to their total votes in AGM.[21] Variation in the institutional environment is taken into account by means of dummies corresponding to the 1867 and 1888 legal regimes, respectively.[22] Finally, we add interaction variables, which combine firm size with industry fixed effects and share face values.

Two further options are critical to the first of our two quantitative assessments of the relations between internal rules and shareholder behaviour. One regards a “quality of governance” indicator, also on the right hand side, which measures the degree to which a firm’s voting rights configuration helped to reduce the power of large owners. It is the key independent variable in the model. A “voting rights index” has been proposed for this role by Hilt (2008). Allegedly, it synthesizes all the dimensions of corporate voting schemes, no matter how complex, and simultaneously takes into account the dimension of the company’s share capital. It yields a result which is conveniently valued between zero and one and is claimed to measure “the average number of votes per share to which an investor is entitled across all levels of shareholding” (Hilt, 2008: 656).

While this is true in theory, it does not work in practice because it actually only quantifies “the potential of a given rights configuration”, since it ignores the actual

[21] The notion here is that when the cash-flow rights of majority interests (shares) are less than their controlling rights (votes), large shareholders have an incentive to align with minority interests in overseeing management. This is of interest to the latter but is done less efficiently by them than if the former carried it out. It is therefore positive for small holders, and conversely. See Edwards and Weichenrieder (2004).

[22] This is suggested by the parliamentary debate on the commercial code of 1888, in which it was claimed that significant contrasts existed between them in terms of attractiveness of the stock to dominant shareholders.

distribution of shares and votes in the company. If the past two dimensions were taken into account, the results generated would be quite different. Instead, therefore, we use the percentage of total company votes allocated via the rules of governance to the deciles of shareholders whose behaviour we want to analyse, namely those who cannot be classified as "insiders". We assume these to be all but the highest two deciles of shareholders. This has various advantages. It involves a simpler intuition and would therefore presumably have been comprehended more easily by modest shareholders than the complex calculation of Hilt's voting rights index. It could have been inferred directly from easy-to-read shareholders lists, which were available to all, rather than calculated from the somewhat impenetrable legal verbiage of company statutes. Finally, it enables us to focus separately on more than one class of proprietor, to be used in separate estimations. In the present case, we choose "very smallholders", who formed the lowest four deciles (7 to 10) of the distribution; and those who constituted the intermediate, "middle" range of the scale (3 to 6). While neither group can be seen as belonging to the company elite, they were quite distinct from each other, in term of goals, interests and socio-economic background, all of them differences which we expect will show up in our results. [23] This internal differentiation provides valuable information that would have been lost had we treated the mass of shareholders beneath the top deciles as a uniform entity.[24]

On the left hand side of these regressions, the dependent variable must naturally match the two independent ones with which they are paired and also reflect the shareholding

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[23] Another way of studying the impact of the rules of governance on the concentration of ownership, is that adopted by Musacchio (2008), who carries out separate estimations for each relevant rule. This is a bit more cumbersome and fails to use the crucial information on vote distribution among different groups of shareholders. The same objection applies to models of corporate behaviour in which all relevant rules of governance are put together as dummies, as in Burhop (2009).

[24] For example, in Hilt (2008) the "concentration" of either votes or shares is measured by their respective amounts relative to the top 10 % of shareholders, which means ignoring the considerable distributional differences between companies below this top level. In Musacchio (2008), this is restricted either to the top three shareholders, or represented by the Herfindhal index of dispersion. The latter is more appropriate, but misses out on the differences of behaviour of subcategories in the distribution.

options of those whose reaction to governance rules we are studying. They are therefore, respectively, the percentage of total shares **owned** by the four "smallholder" deciles and by the four "middle" deciles of proprietors. This separation allows us to evaluate the reaction of the different classes of shareholders in the firm which are supposed by the literature to have varied their holdings in accord with the extent of voting influence allotted to them by the statutes.

Our second quantitative test aims at establishing whether a relationship existed, on the one hand, between firms' characteristics, including control for fixed effects, and, on the other, the length to which their insiders were prepared to go in "sharing" power with the vast majority of non-dominant proprietors. The latter, it must be recalled, is measured as the ratio of shares-to-votes in the two top deciles of shareholders, an unusually wide range, between 0.9 and 2.9, which clearly calls for analysis. [25] Rather than estimate a series of separate regressions for different pertinent rules of governance, as dependent variables, on firms' attributes, as in Islas-Rojas (2007), this enables us to opt for a single regression with this ratio as the dependent variable. There are three main advantages to this approach. One is that it is a results-based indicator rather than one based on rules in the abstract, and is therefore closer to corporate reality. Its second merit is that of simplicity, since we get a result from a single regression. The third is that it allows a sharper focus, on the class of shareholders (deciles 1 and 2) who were both responsible for these decisions and made the sacrifice of power, if any; that they implied.

The first test gives the determinants of the ownership of shares by proprietors in deciles 7 to 10, and deciles 3 to 6, for firm i. The expression, in which Dsh is the ownership measure for the given deciles, is

$$\text{Dsh} = \alpha + \beta\, X + \chi I + \delta\, \text{Time} + \phi\, \text{Institut} + u$$

[25] This variable is represented graphically in figure 3 A above.

where X is a vector of firm characteristics, I represents fixed industry effects, and Time and Institut, are respectively time and institutional effects. Unless they are dummies, all variables are in logs. They are all listed, with summary statistics, in the appendix. In the second and fourth columns Interaction variables between capital and various dummies appear in the second regression of each table.

Table 4A

Ownership concentration and corporate voting rights: smallholders
(deciles 7 to 10)

Dependent variable: % shares of "small" owners

Explanatory variables	Reg.1	Reg.2
Age of firm (age)	0,017	0,007
Size of board	0,037	-0,035
Paid-in capital	-0,189**	0,378
Index of voting power (Hilt)	-0,119**	-0,176***
Nominal value of 1 share	0,252***	0,271***
Dummy for industry	-0,116**	-0,218
Dummy for finance	0,082	0,06
Dummy for institutional environment	-0,026	-0,019
Time (year of observation)	0,075	0,099*
Index of corporate monitoring	-0,336	-0,359
Paid-in capital* nominal value of share		-0,328**
Paid-in capital* industry		-0,074
Paid-in capital*finance		0,097
% votes of deciles 7 to 10	**0,226*** **	**0,197*** **
N	49	49
R2	0,722	0,773

F-test	8,72***	8,25***

Notes: *, ** and *** denote significance at 10%, 5% and !% levels, respectively. Values for C not shown. Default for industry effects = "other". All variables in logs except for dummies.

Table 4B

Ownership concentration and corporate voting rights: "middle" holders
(deciles 3 to 6)

Dependent variable: % shares of "middle" owners

Explanatory variables	Reg.1	Reg.2
Age of firm (age)	-0,032	-0,038
Size of board	0,047	-0,032
Paid-in capital	0,024	0,409**
Index of voting power (Hilt)	-0,021	-0,068*
Nominal value of 1 share	0,181**	0,192***
Dummy for industry	-0,038	-0,169**
Dummy for finance	-0,028	-0,045
Dummy for institutional environment	-0,026	-0,024
Time (year of observation)	0,049	0,074
Index of corporate monitoring	-0,305**	-0,360***
Paid-in capital* nominal value of share		-0,206**
Paid-in capital* industry		-0,156**
Paid-in capital*finance		0,061
% votes of deciles 3 to 6	**0,737*** **	**0,751*** **
N	49	49
R2	0,632	0,731
F-test	5,78***	6,599***

Notes: *, ** and *** denote significance at 10%, 5% and !% levels, respectively. Values for C not shown. Default for industry effects = "other". All variables in logs except for dummies.

The results are presented in tables 4A and 4B, which correspond respectively to small and "middle" shareholders. They are satisfactory in terms of the significance of the F-tests and the high value of their R2. Two principal findings emerge. One is that in both cases they confirm the main hypothesis of the paper, namely that minority shareholders were encouraged to take up stronger ownership positions in the companies whose voting systems gave them a louder "voice". The other is that this effect was considerably (3 X) stronger in the case of middle range shareholders, partly no doubt because they had the means to this effect, but probably also because they felt more confident than their more modest counterparts about their ability to translate votes into influence over corporate leadership.

Both groups were also influenced by the perception which could be derived from internal company rules on voting, as represented here by Hilt's voting index. More "democratic" arrangements, at least on paper, even if potentially erroneous, could apparently lead to the conviction that minority interests were really better looked after by those who announced them. Likewise, they reacted analogously, though at first sight counter-intuitively, with regard to the size of shares. The latter seems to have stimulated greater participation in shareholding by small (and also middle sized) stakeholders, the greater the nominal value. A possible explanation is that larger shares, though dissuasive on practical grounds – to buy them required more money – had a positive reputational effect for investors who lacked more sophisticated ways of assessing the internal workings of large joint stock companies. The negative and significant interaction variable "capital*share value" in both tables (regression 2) suggests a further twist to this. It indicates that in the case of some of the larger companies, firm size may have been a stronger signal of corporate repute than share sizes, so that small face values could co-exist with a situation which attracted small shareholders, presumably those with the least financial know-how and consequently the greatest need for reputational information.[26]

Company scale was another dimension which affected the share-owning strategies of small and medium proprietors, again in contrasting ways. Table 4A shows that those of the lowest deciles preferred smaller corporations to larger ones, while the middle strata (table 4B) were more inclined to opportunities to accumulate stock offered by larger companies. One may infer that the greater voting influence enjoyed by the latter the lesser their fear of being oppressed by insiders, a view which might not come as easily to small holders when placed in this situation. On the other hand, the quality of internal monitoring carried out by insider interests, as a yardstick for the quality of corporate performance, yields another unexpected result. In table 4A, this variable is non-significant, a sign, apparently, that very small shareholders, many of them without any votes, kept their sights on other indicators instead, when evaluating the advantages of acquiring stock. Alternatively, given the enormous social and economic distances, they may simply have doubted that large stockholders would ever want to align themselves with the minority interest at the bottom of the ownership pile. In table 4B, this coefficient is negative and significant, suggesting that middle level shareholders may have thought it possible that very large shareholders would monitor the corporation successfully but, with relative fewer votes owing to the rules of governance, would be unable to enforce their views on management.

Our second test seeks to pin down the determinants of the strategy adopted by firms seeking to secure an ideal mix of shareholders and shareholdings in view of their overall goals such as long term growth, market success or capital requirements. Given that this

[26] Concessions .?

strategy was defined years before the moment of observation, at the moment when the voting rules were laid down, we can only use here its "structural" characteristics and any variables relating to these goals. The expression for this has as its dependent variable (Redis12), the extent to which, in firm i, the top two deciles of shareholders redistributed their votes to lower deciles of shareholders. It is given by

$$\text{Redis} = \alpha + \beta\, X + \chi I + \phi\, \text{Institut} + \delta G + u$$

in which X is a vector of firm characteristics, I represents fixed industry effects, G is a vector of variables associated with long term goals and Institut refers to institutional conditions at the time of foundation. The structural attributes of each firm are its scale, size of board, nominal share value and index of voting rights, all of which are time-variant.

Table 5 displays the results, which are again satisfactory in terms of the significance of the F-test and the reasonable value of R2. Unfortunately, the exercise remains at present incomplete owing to the lack of suitable data for constructing features which make up the vector G.[27] A partial answer only can therefore be given and does not illuminate much the question of what led firms, when they devised their statutes, to make the choice they from among the enormous variety of available possibilities. Neither the industry effects nor the institutional dimension has any significance. The same is true of the nominal size of shares and the size of the board. The coefficient for the variable capital stock is significant and negative, which tallies with the notion that the leadership of small companies might be more disposed to relinquish some voting power in order to attract resources from the capital market. The same outcome in the case of Hilt's index of voting rights shows that firms which posted "democratically" oriented voting systems were likely to be open to a significant redistribution of votes from top to bottom.

[27] Conceivably, an appropriate candidate in this respect could be a measure such as Tobin's Q or a mean over several years of corporate dividends or profits.

Table 5

Determinants of Corporate Strategy for Voting Rights

Dependent variable: ratio of shares-to-votes of shareholders, top 2 deciles

Explanatory variables	Regression 1
Size of board	0,018
Paid-in capital	-0,130***
Nominal value of 1 share	-0,096
Dummy for industry	0,067
Dummy for finance	0,054
Institutional environment	0,033
Index of voting power (Hilt)	-0,143***
N	49
R2	0,456
F-test	4,88***

Notes: *, ** and *** denote significance at 10%, 5% and 1% levels, respectively. Values for C not shown. Default for industry effects = "other". All variables in logs except for dummies.

5. Conclusion

The place of this paper is in the Law and Economics literature. In particular it relates to the claim that the quality of the legal protection given to investors in an economy is an important influence on its long run growth, owing to the effect it has on the development of capital markets. Instead of the late 20th -early 21st centuries, its focus is however on the second half of the 19th century, a time when the regulation of corporate activity in the West was left for the most part to private initiative and to contractual arrangements between corporations and shareholders and creditors.

This case study presented concerns Portugal, a late economic developer with a relatively elementary corporate sector, which nevertheless grew significantly during the period 1867-1913. Several conclusions can be drawn from it. They all go in the direction of stressing that, through the market, *laissez faire* regulatory regimes can have a potential for providing institutions which are of a comparable quality to those produced by the state to solve problems of agency and transparency.

The data gathered on Portugal in the late 19th century shows that a weak measure of state intervention in the corporate sector did not leave investors in this country under-protected. Joint stock companies found it useful to contractualize their own investor protection and devised elaborate rules of governance to shield them from "oppression" and "expropriation" by "insiders". The variety of such arrangements adopted in this sector, particularly of voting systems, testifies to the strategic intent of corporate leaders and their efforts to adjust to specific respective conditions. The evidence also demonstrates that firms sought to attract investment through the market and were effective in achieving this aim.

Such findings are in tune with the current of "neo-institutional" economic history which tries to introduce an historical dimension to the Law and Economics debate. While it confirms the results of earlier studies on the USA, Brazil and Chile, however, it also raises new issues. It shows the usefulness, for this kind of research, of breaking down the general category of "minority investors" into sub-categories. This enables us to have a more nuanced view on their behaviour. It argues in favour of quantifying investor protection by charter with a single yardstick relating to practice, rather than to one based on rules of governance in the abstract. And it tries, as yet with limited success, to explain the design of corporate charters as part of their foundational strategy.

This paper also leaves us with a puzzle. If investor protection was so successful in 19^{th} century Portugal, why is it that its corporate and economic development was so weak? It has been argued by Doidge et al. (2007), based on contemporary data, that country characteristics are far more important in determining the quality of investor protection (by the state) than firm characteristics and that this is especially so in the case of less developed countries. At the time we are studying, Portugal may have been held back in the same way and for similar reasons. As noted, it was the equivalent then of a "less developed country" and recent research has shown that its institutional infrastructure had a low quality (Reis, 2010).

APPENDIX:

Summary Statistics of variables

Variable	Description	Mean	St. Dev.	Min.	Max.
AGE	age of firm (years)	18.20	17.37	1	77
BOARD	number of members of the board	3.25	1.67	1	11
C10SH	% of total shares held by top 10 shareholders	37.59	0.16	6.93	70.48
C10V	% of total votes held by top 10 shareholders	23.68	0.15	1.99	65.07
DSH36	% of total shares held by 3rd to 6th deciles of shareholders	27.46	0.06	11.70	38.17
DSH710	% of total shares held by bottom 4 deciles of shareholders	8.21	0.03	2.82	19.35
DV36	% of total votes held by 3rd to 6th deciles of shareholders	35.63	0.09	15.22	60.42
DV710	% of total votes held by bottom 4 deciles of shareholders	13.01	0.11	0.00	43.40
FIN	dummy for financial firms (=1)	0.18	0.39	0	1
IND	dummy for industrial firms (=1)	0.63	0.49	0	1
INSTUT	Institutional regime dummy (1888 Commercial Code=1)	0.61	0.49	0	1
K	subscribed capital (000s of contos)	0.949	1.77	0.04	7.00
MONITa	index of company monitoring (ratio shares-to-votes of C3)	3.52	3.81	0.93	25.22
MONITb	index of company monitoring (ratio shares-to-votes of C10)	2.21	1.67	0.93	10.31
OTHER	dummy for other firms (=1)	0.18	0.39	0	1
REDIS1-2	ratio of shares-to-votes of shareholders in the 2 top deciles	1.40	0.54	0.88	2.91
TIME	number of company set-ups in year i	13.49	8.51	4	55
VI	index of voting power (Hilt)	0.04	0.14	0.001	1
VS	facial value of 1 share (000s of reis)	97.76	67.55	10	500

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