

512 | 3 | 0  
Views | CrossRef citations to date | Altmetric

Original Articles

# A theory of mandatory convertibles: distinct features for large repeated financing

Susheng Wang

Pages 347-362 | Received 29 Jan 2016, Accepted 17 Jan 2017, Published online: 02 Feb 2017

Cite this article <https://doi.org/10.1080/1351847X.2017.1285337>

Check for updates

Sample our  
Area Studies  
Journals

>> [Sign in here](#) to start your access  
to the latest two volumes for 14 days

Full Article Figures & data References Citations Metrics

Reprints & Permissions [Read this article](#)

## ABSTRACT

In recent years, mandatory convertibles (MCs) have become a popular means of raising capital, ...

### We Care About Your Privacy

We and our 842 partners store and/or access information on a device, such as unique IDs in cookies to process personal data. You may accept or manage your choices by clicking below, including your right to object where legitimate interest is used, or at any time in the privacy policy page. These choices will be signaled to our partners and will not affect browsing data. [Privacy Policy](#)

We and our partners process data to provide:

Use precise geolocation data. Actively scan device characteristics for identification. Store and/or access information on a device. Personalised advertising and content, advertising and content measurement, audience research and services development.

List of Partners (vendors)

I Accept

Essential Only

Show Purpose



## Acknowledgements

We gratefully acknowledge the helpful comments and suggestions from two referees.

---

## Disclosure statement

No potential conflict of interest was reported by the author.

---

## Notes

1 Given the distribution function of the project output , the distribution function  $F$  of output is , where is the probability of an event. If is random, all the results hold except that  $F$  is replaced by the joint distribution function of . We can also allow the randomness of to be resolved earlier or later than .

2 We follow the incomplete-contract approach proposed by Grossman and Hart ([1986](#)). Refer to their paper on the concepts of ‘a variable being ex ante nonverifiable but ex post observable’, ‘an ex post decision being ex ante uncontractible’, ‘ex post renegotiation’, and ‘an efficient bargaining outcome’.

3 Adding another random shock in the second period will add a lot of technical complication. Such a complication is unnecessary for the purpose of this paper.

4 We will define  $y$  and  $y$  is defined discontinuously ([1984](#)).

5 He issued is the total shareholding firm may total income dividends on common stock. However, if there is a random stock in the second period,



the timing of a dividend payment is relevant and it reflects risk sharing, which would force us to specify dividends on common stock explicitly.

## Related research

People also read

Recommended articles

Cited by  
3

[Herding by mutual funds: impact on performance and investors' responset >](#)

Debarati Bhattacharya et al.  
The European Journal of Finance  
Published online: 3 Sep 2016



Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up



✕